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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)  
of the Securities Exchange Act of 1934

For Quarterly Period Ended March 31, 2001  
Commission File Number 1-7107

**LOUISIANA-PACIFIC CORPORATION**  
(Exact name of registrant as specified in its charter)

**DELAWARE**  
(State or other jurisdiction of  
incorporation or organization)

**93-0609074**  
(IRS Employer Identification No.)

**111 S. W. Fifth Avenue, Portland, Oregon 97204-3699**  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(503) 221-0800**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock: 104,369,983 shares of Common Stock, \$1 par value, outstanding as of May 7, 2001.

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**ABOUT FORWARD-LOOKING STATEMENTS**

Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 provide a "safe harbor" for all forward-looking statements to encourage companies to provide prospective information about their businesses and other matters as long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those discussed in the statements. This report contains, and other reports and documents filed by Louisiana-Pacific Corporation ("LP") with the Securities and Exchange Commission may contain, forward-looking statements. These statements are or will be based upon the beliefs and assumptions of, and on information available to, the management of LP.

The following statements are or may constitute forward-looking statements: (1) statements preceded by, followed by or that include the words "may," "will," "could," "should," "believe," "expect," "anticipate," "intend," "plan," "estimate," "potential," "continue" or "future" or the negative or other variations thereof and (2) other statements regarding matters that are not historical facts, including without limitation, plans for product development, forecasts of future costs and expenditures, possible outcomes of legal proceedings and the adequacy of reserves for loss contingencies. These forward-looking statements are subject to various risks and uncertainties, including the following:

- Risks and uncertainties relating to the possible invalidity of the underlying beliefs and assumptions;
- Possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions; and
- Actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, competitors and legislative, regulatory, judicial and other governmental authorities and officials.

In addition to the foregoing and any risks and uncertainties specifically identified in the text surrounding forward-looking statements, any statements in the reports and other documents filed by LP with the Commission that warn of risks or uncertainties associated with future results, events or circumstances identify important factors that could cause actual results, events and circumstances to differ materially from those reflected in the forward-looking statements.

**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES  
(AMOUNTS IN MILLIONS EXCEPT PER SHARE) (UNAUDITED)

	Three Months Ended March 31,	
	2001	2000
Net sales	\$558.5	\$829.7
Operating costs and expenses:		
Cost of sales	549.2	605.2
Depreciation, amortization and depletion	49.1	61.3
Selling and administrative	43.6	58.3
Unusual credits and charges, net	12.2	(1.6)
Loss related to assets and liabilities transferred under contractual arrangement	4.5	-
Total operating costs and expenses	658.6	723.2
Income (loss) from operations	(100.1)	106.5
Non-operating income (expense):		
Interest expense	(23.3)	(17.1)
Interest income	8.2	8.7
Foreign exchange gains (losses)	2.1	(1.4)
Total non-operating income (expense)	(13.0)	(9.8)
Income (loss) before taxes, minority interest and equity in earnings of unconsolidated affiliate	(113.1)	96.7
Provision (benefit) for income taxes	(22.4)	38.5
Minority interest in net income (loss) of consolidated subsidiaries	(1.3)	0.5
Equity in (income) loss of unconsolidated subsidiary	-	-
Net income (loss)	\$(89.4)	\$57.7
Net income (loss) per share - basic and diluted	\$(0.86)	\$0.55
Average share outstanding - basic and diluted	104.4	104.1

**The accompanying notes are an integral part of these unaudited financial statements.**

CONDENSED CONSOLIDATED BALANCE SHEETS  
LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES  
(DOLLAR AMOUNTS IN MILLIONS) (UNAUDITED)

	March 31, 2001	Dec. 31, 2000
<b>ASSETS</b>		
Cash and cash equivalents	\$27.4	\$38.1
Accounts receivable, net	161.2	129.6
Inventories	252.2	327.5
Prepaid expenses	17.4	22.8
Income taxes receivable	61.4	91.5
Deferred income taxes	44.6	44.6
Total current assets	564.2	654.1
Timber and timberlands	584.1	590.6
Property, plant and equipment	2,418.2	2,562.8
Accumulated depreciation	(1,182.7)	(1,254.0)
Net property, plant and equipment	1,235.5	1,308.8
Goodwill, net of amortization	319.5	326.3

Notes receivable from asset sales	403.8	403.8
Assets transferred under contractual arrangement	67.6	-
Other assets	84.1	91.1
<b>Total assets</b>	<b>\$3,258.8</b>	<b>\$3,374.7</b>
<b>LIABILITIES AND EQUITY</b>		
Current portion of long-term debt	\$162.2	\$39.4
Accounts payable and accrued liabilities	253.2	303.8
Current portion of contingency reserves	35.0	35.0
<b>Total current liabilities</b>	<b>450.4</b>	<b>378.2</b>
Long-term debt, excluding current portion:		
Limited recourse notes payable	396.5	396.5
Other long term debt	676.4	787.3
<b>Total long-term debt, excluding current portion</b>	<b>1,072.9</b>	<b>1,183.8</b>
Contingency reserves, excluding current portion	124.9	126.6
Liabilities transferred under contractual arrangement	30.0	-
Deferred income taxes and other	387.2	390.9
<b>Commitments and contingencies</b>		
<b>Stockholders' equity:</b>		
Common stock	117.0	117.0
Additional paid-in capital	440.1	440.2
Retained earnings	900.2	1,004.3
Treasury stock	(234.1)	(235.1)
Accumulated comprehensive loss	(29.8)	(31.2)
<b>Total stockholders' equity</b>	<b>1,193.4</b>	<b>1,295.2</b>
<b>Total liabilities and equity</b>	<b>\$3,258.8</b>	<b>\$3,374.7</b>

**The accompanying notes are an integral part of these unaudited financial statements.**

#### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

##### LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES (DOLLAR AMOUNTS IN MILLIONS) (UNAUDITED)

	Three Months Ended March 31,	
	2001	2000
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$(89.4)	\$57.7
Depreciation, amortization and depletion	49.1	61.3
Unusual credits and charges, net	12.2	3.5
Cash settlements of contingencies	(1.9)	(4.0)
Other adjustments	3.2	7.1
Decrease (increase) in certain working capital components and deferred taxes	12.1	(72.1)
<b>Net cash provided by (used in) operating activities</b>	<b>(14.7)</b>	<b>53.5</b>
<b>Cash flows from investing activities:</b>		
Capital spending	(22.1)	(41.7)
Proceeds from assets sales and transfers	28.0	-
Other investing activities, net	0.6	6.3
<b>Net cash provided by (used in) investing activities</b>	<b>6.5</b>	<b>(35.4)</b>
<b>Cash flows from financing activities:</b>		
New borrowings, including net increase in revolving borrowings	15.1	-
Repayment of long-term debt	(3.2)	(3.6)
Cash dividends	(14.7)	(14.7)
Purchase of treasury stock	-	(11.2)
Other financing activities	0.3	1.2
<b>Net cash used in financing activities</b>	<b>(2.5)</b>	<b>(28.3)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(10.7)</b>	<b>(10.2)</b>

Cash and cash equivalents at beginning of period	38.1	116.0
Cash and cash equivalents at end of period	\$ 27.4	\$ 105.8

**The accompanying notes are an integral part of these unaudited financial statements.**

**Notes to Unaudited Consolidated Summary Financial Statements**

1. These consolidated summary financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in LP's Annual Report on Form 10-K for the year ended December 31, 2000.

These consolidated summary financial statements reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of the management of LP, necessary to present fairly, in all material respects, the consolidated financial position, results of operations and cash flows of LP and its subsidiaries. Certain 2000 amounts have been reclassified to conform to the 2001 presentation.

2. Results of operations for interim periods are not necessarily indicative of results to be expected for an entire year.

3. Basic earnings per share are based on the weighted average number of shares of common stock outstanding during the applicable period. Diluted earnings per share include the effects of potentially dilutive common stock equivalents.

(Shares in millions)	Three Months Ended March 31,	
	2001	2000
Average shares outstanding used to determine basic net income per common share	104.4	104.1
Dilutive effects of stock options granted and ESPP shares	---	---
Average shares outstanding used to determine fully diluted net income per common share	104.4	104.1

4. The preparation of interim financial statements requires the estimation of LP's effective income tax rate based on estimated annual amounts of taxable income and expenses. These estimates are updated quarterly. Accounting standards require that the estimated effective income tax rate (based upon estimated annual amounts of taxable income and expense) for the year be applied to year-to-date income or loss at the end of each quarter. Any resulting adjustment related to prior periods must be applied against the current quarter. For the quarter ended March 31, 2001, LP's effective tax benefit rate was 20% as compared to a provision rate of 39% in the first quarter of 2000.

5. The preparation of interim financial statements requires the estimation of LP's year-end inventory quantities and costs for purposes of determining last in, first out (LIFO) inventory adjustments. These estimates are revised quarterly and the estimated incremental change in the LIFO inventory reserve is expensed over the remainder of the year.

6. During first quarter 2001, LP sold a controlling interest in Samoa Pacific Cellulose LLC (SPC), a company that owns a pulp mill and related assets in Samoa, California, for approximately book value. In this transaction, LP received approximately \$22 million in cash and promissory notes valued at \$29 million of SPC, and retained preferred stock of SPC valued at approximately \$9 million. The term of the promissory notes is longer than five years. Additionally, LP has agreed to provide to SPC a \$15 million credit facility secured by working capital. Due to its continuing financial interest in SPC, LP did not record the transaction as a sale. Instead, in compliance with Staff Accounting Bulletin No. 30 - Accounting For Divestiture Of A Subsidiary Or Other Business Operation, LP has recorded the assets and the liabilities of SPC on LP's balance sheet under the captions "Assets transferred under contractual arrangement" and "Liabilities transferred under contractual arrangement." For any fiscal quarter in which SPC incurs losses, LP will record a valuation allowance against its net remaining investment. If SPC is profitable in subsequent quarters of the same fiscal year, LP will reverse the valuation allowance up to the amount of the valuation allowance that was previously recorded in such fiscal year. The valuation allowance for the first quarter of 2001 is reflected on the income statement under the caption "Loss related to assets and liabilities transferred under contractual arrangement."

7. Components of comprehensive income (loss) for the periods include:

(Dollars in millions)	Three Months Ended March 31,	
	2001	2000
Net income (loss)	\$(89.4)	\$57.7
Currency translation adjustment	1.4	(4.9)
Other	-	(0.2)
Total comprehensive income (loss)	\$(88.0)	\$52.6

8. The selected segment data set forth in Item 2 "Management's Discussion and Analysis and Results of Operations" of this report is incorporated herein by reference.

9. LP adopted Statement of Financial Accounting Standards Statement No. 133, "Accounting for Derivative Instruments and Hedging" as of January 1, 2001. The adoption of this standard did not have a material impact on the financial statements of LP.

10. The description of certain legal and environmental matters involving LP set forth in Part II of this report under the caption "Legal Proceedings" is incorporated herein by reference.

11. Investments in 50% owned joint ventures are accounted for under the equity method.

**Item 2. Management's Discussion and Analysis and Results of Operations.**

LP's net loss for the first quarter of 2001 was \$89.4 million, or \$0.86 per diluted share, on sales of \$558.5 million, compared to first quarter 2000 net income of \$57.7 million, or \$0.55 per diluted share, on sales of \$829.7 million. Excluding unusual items totaling a loss of \$12.2 million (\$7.5 million after tax, or \$0.07 per diluted share), the loss for the first quarter of 2001 was \$81.9 million, or \$0.78 per diluted share, compared to first quarter 2000 income excluding unusual items of \$56.7 million, or \$0.54 per diluted share.

Reduced demand for many building products and the slowing economy factored negatively into the results for the quarter ended March 31, 2001. This softening demand resulted in reduced market prices for structural panels (oriented strand board (OSB), plywood and lumber).

LP operates in five segments: structural products; exterior products; industrial panel products; other products; and pulp. Structural products is the most significant segment, accounting for more than 60% of sales during the first three months of both 2001 and 2000. LP's results of operations are discussed separately for each segment below. Production volumes and industry product price trends are presented below in the tables captioned "Summary of Production Volumes" and "Industry Product Price Trends."

Most of LP's products are sold as commodities and therefore sales prices fluctuate based on market factors over which LP has little or no control. LP cannot predict whether the prices of its products will remain at current levels, or will increase or decrease in the future, because supply and demand are influenced by many factors, only two of which are the cost and availability of raw materials. LP is not able to determine to what extent, if any, it will be able to pass any future increase in the price of raw materials on to customers through product price increases.

Demand for the majority of LP's products is subject to cyclical fluctuations over which LP has no control. The level of residential construction activity heavily influences demand for LP's building products, which is subject to fluctuations due to changes in economic conditions, interest rates, population growth and other factors. These cyclical fluctuations in demand are unpredictable and may have a substantial influence on LP's results of operations.

### Selected Segment Data

	Three Months Ended March 31,		
	2001	2000	% change
<b>Net sales:</b>			
Structural products	\$344.3	\$532.0	(35)
Exterior products	69.6	70.5	(1)
Industrial panel products	53.2	81.4	(35)
Other products	58.5	102.7	(43)
Pulp	32.9	43.1	(24)
	<u>\$558.5</u>	<u>\$829.7</u>	<u>(33)</u>
<b>Operating profit (loss):</b>			
Structural products	\$(30.9)	\$114.0	(127)
Exterior products	(4.3)	8.1	(153)
Industrial panel products	(6.9)	2.6	(365)
Other products	(2.1)	0.8	(363)
Pulp	(12.8)	4.4	(391)
Unusual credits and charges, net	(12.2)	1.6	(863)
Loss from assets and liabilities transferred under contractual arrangement	(4.5)	-	-
General corporate and other expenses, net	(24.4)	(26.4)	8
Interest expense, net	(15.0)	(8.4)	(79)
	<u>\$(113.1)</u>	<u>\$96.7</u>	<u>(217)</u>
Income (loss) before taxes, minority interest and equity in earnings of unconsolidated affiliates			

### Structural Products

The structural products segment consists of OSB, plywood, lumber and engineered wood products (EWP). The decline in sales for the first quarter of 2001 compared to the first quarter of 2000 was primarily due to lower OSB, plywood and lumber prices compounded by lower sales volumes.

The most significant product in this segment is OSB. Average prices (net of freight) for the industry were approximately 47% lower this quarter compared to the same quarter in 2000. LP's sales volume in the quarter was down about 2% compared to the same quarter last year. Despite the losses incurred in this product line, the value of the production of virtually all of LP's OSB mills was equal to or greater than cash operating costs during the first quarter of 2001.

Plywood prices declined approximately 15% for the first quarter 2001 as compared to the first quarter 2000 with sales volume declining about 12%, primarily due to mill closures by LP in the latter half of 2000. LP continues to review the operating results at its remaining plywood mills to balance cash flow concerns while meeting customer commitments. LP has focused two of its remaining mills on veneer production for laminated veneer lumber (LVL). That has helped reduce the impact of the volatility in the plywood pricing and has also helped to increase operational efficiencies at the mills.

Lumber prices declined about 26% compared to the first quarter of 2000 with sales volumes declining approximately 15% due to permanent and temporary production curtailments. The price level experienced during the first quarter of 2001 continues to create an environment that has accelerated significant industry curtailments as prices have fallen below cash production costs for many mills. LP will continue to evaluate the status of its sawmills based on industry conditions.

Engineered wood products showed a decline in profits in the first quarter of 2001 compared to first quarter 2000. This decline was driven by weakened demand and some pricing pressure due to increased industry capacity. Prices for the quarter were approximately 5% below prices for the first quarter of 2000. The weaker demand is a result of both the slowing economy as well as the effect that reduced lumber prices had on reducing the rate of substitution of engineered wood products for traditional lumber products. This is especially true in the I-Joist products where sales volumes were down about 10%. EWP profits were positively impacted by the low pricing on raw materials such as veneer, lumber and OSB, a reduction in inventories and improved operating efficiencies.

Overall, compared to first quarter of 2000, the primary factor in the decreased profitability in this segment was the low sales prices discussed above, compounded by the lower sales volumes discussed above. Additionally, cost increases for resins, natural gas and electricity negatively impacted profits. Log cost associated with these products declined by 7% for the quarter.

### Exterior Products

The exterior product segment consists of siding, both wood composite and vinyl, specialty OSB products and related products such as soffit, fascia and trim and composite decking. Sales of exterior products remained relatively flat between first quarter 2001 and the comparable quarter in 2000. Sales of wood composite and vinyl siding, specialty OSB products showed a decline in pricing of 10% and in volume of 7% due to weakened demand. Profitability for this segment declined significantly. This decline was due to three primary

factors: 1) lower pricing for those specialty OSB products that are indexed to commodity pricing; 2) losses associated with the up front costs incurred to launch WeatherBest, a composite decking product; and 3) the increase in resin prices which impacted both our wood-based siding and vinyl businesses.

### **Industrial Panel Products**

The industrial panels segment consists of particleboard, medium density fiberboard (MDF), hardboard and interior hardboard products. Sales prices remained relatively flat between first quarter of 2001 and the comparable quarter in 2000. Sales volumes decreased 36% as compared to the same quarter last year due primarily to plant closures as well as weakened demand and fiber supply shortages. Additionally, this segment was negatively impacted by significant increases in energy costs. Wood costs associated with these products remained relatively flat between periods.

### **Other Products**

The other products segment includes wood chips, Ireland operations, Alaska operations, moldings and other products. In the first quarter of 2001, sales for this segment declined significantly compared to the first quarter of 2000, primarily due to the contribution of the assets of Greenstone, LP's former cellulose insulation subsidiary, to a joint venture. LP's share of the income or loss of this business subsequent to its contribution to the joint venture is included on LP's income statement under the caption, "Equity in earnings of unconsolidated affiliate." Additional declines in sales and operating profits in this segment were primarily related to weaker commodity pricing in the distribution business and the Ireland OSB operation.

### **Pulp**

Pulp segment sales and operating profits for the first quarter of 2001 declined significantly from the first quarter of 2000. Sales prices decreased about 14% and sales volumes decreased approximately 38%. The decline in pricing is due to reduced demand for pulp in the world-wide market. Volumes declined largely due to the transfer in mid-February of a controlling interest in pulp facilities in Samoa, California as described in Note 6 to the financial statements included in this report. In addition to impact of pricing and volume on profitability, higher costs for energy negatively impacted the operating profits of this segment. See "Assets Held for Sale" below for additional information related to the pulp segment.

### **Unusual Credits and Charges, Net**

Information regarding unusual credits and charges recorded in the quarter ended March 31, 2001 is set forth in the following table.

	Three Months Ended March 31,	
	2001	2000
(Dollars in millions)		
Additions to contingency reserves	\$(2.0)	\$-
Long-lived asset impairment charges	(10.2)	(3.4)
Gain on insurance recovery	-	5.0
<b>Total unusual credits and charges, net</b>	<b>\$(12.2)</b>	<b>\$1.6</b>

In the first quarter of 2001, LP recorded a net charge of \$10.2 million (\$6.2 million after taxes, or \$.06 per diluted share) associated with impairment charges related to equipment at three former manufacturing sites. The additional impairment charges resulted from changes in the planned method of disposal of the equipment. The remaining book value and operating results associated with this equipment are not material to LP's financial statements. LP also recorded a net loss of \$2 million (\$1.2 million after taxes, or \$.01 per diluted share) for additional reserves for non-product litigation.

In the first quarter of 2000, LP recorded a \$5.0 million (\$3.1 million after taxes, or \$0.03 per diluted share) gain on an insurance recovery for siding related matters and an impairment charge of \$3.4 million (\$2.1 million after taxes, or \$0.02 per diluted share) to reduce the carrying value of a polymer plant to its estimated net realizable value. The remaining book value and operating results associated with this plant are not material to LP's financial statements.

### **General Corporate and Other Expense**

For the quarter, general corporate and other expenses declined 8% from the same period in 2000. This decline is due to corporate restructuring that occurred in the third and fourth quarters of 2000 as well as an increasing focus on cost containment due operating losses.

### **Interest Income (Expense)**

Interest expense increased in the first quarter of 2001 compared to the same periods in the prior year as a result of increased borrowings to fund cash used in operating and financing activities.

### **Legal and Environmental Matters**

For a discussion of legal and environmental matters involving LP and the potential impact thereof on LP financial position, results of operations and cash flows, see Item 7 in LP's annual report on Form 10-K for the year ended December 31, 2000 and Item 1, Legal Proceedings, in Part II of this report.

### **OSB Siding Litigation Update**

The following discussion updates should be read in conjunction with the discussion of LP's OSB siding litigation set forth in Item 7 of LP's annual report on Form 10-K for the year ended December 31, 2000, Management's Discussion and Analysis of Financial Condition and Results of Operations, under the subheading "Legal Matters."

Through the first three months of 2001, claimants continued to file claims under the National Settlement; however, the rate of claim filings has decreased. The claim filing period associated with the Florida Settlement ended October 4, 2000 and, as a result, no new claims under the Florida settlement were accepted after that date. See "OSB Siding Matters" in Item 1, Legal Proceedings, in Part II of this report.

As of March 31, 2001, (i) approximately 302,000 requests had been received for claim forms for the National Settlement and the Florida Settlement, compared to 299,000 at December 31, 2000, and (ii) approximately 194,000 completed claim forms for the National Settlement and the Florida Settlement had been received, compared to 192,000 at December 31, 2000. The average payment amount for settled claims as of March 31, 2001 and December 31, 2000 was \$3,700 at both dates. Excluding claims satisfied on a discounted basis pursuant to the Second Settlement Fund, the average payment amount for settled claims as of March 31, 2000 and December 31, 2000 was \$5,100. The total number of completed claim forms pending (not settled) as of March 31, 2001 was approximately 22,000 (approximately 21,000 at December 31, 2000) with approximately 138,000 claims settled (approximately 137,000 at December 31, 2000) and approximately 34,000 claims dismissed (approximately 34,000 at December 31, 2000). Dismissal of claims is typically the result of claims for product not produced by LP or claims that lack sufficient information or documentation after repeated efforts to correct those deficiencies.

## **Financial Position, Liquidity and Capital Resources**

Net cash used by operations was \$14.7 million in the first three months of 2001 compared to net cash provided by operations of \$53.5 million in the same period of 2000. The decrease in cash provided by operations resulted primarily from lower net income that was partially offset by a significant decrease in inventories.

Net cash provided by investing activities was \$6.5 million in the first three months of 2001 compared to net cash used by investing activities of \$35.4 million in the comparable period of 2000. LP received \$22.5 million from the sale of a controlling interest in pulp facilities in Samoa, California and another \$5.5 million for sales of various other assets. Capital expenditures for property, plant, equipment and timber declined in the first three months of 2001 compared to the same period in 2000, primarily due to management's focus on limiting cash outflows during the current economic slow down. Capital expenditures during the first quarter of 2001 were primarily for completion of the Chilean OSB mill and required operating capital. LP estimates that for the full year ended December 31, 2001, it will make capital expenditures of approximately \$100 million associated with required capital projects and high-return capital projects.

In the three month period ended March 31, 2001, LP borrowed \$15.1 million and repaid \$3.2 million. Additional debt was incurred to fund operating cash uses. In the same period of 2000, LP repaid \$3.6 million.

LP expects to be able to meet its cash requirements through cash from operations, existing cash balances, existing credit facilities and access to the capital markets. Cash and cash equivalents totaled \$27.4 million at March 31, 2001 compared to \$38.1 million at December 31, 2000. LP has a \$300 million revolving credit facility under which \$115.1 million was outstanding at March 31, 2001. This facility is available until January 2002, subject to covenant restrictions discussed below. LP is currently in the process of renewing this facility. Although LP intends to renew this facility, at March 31, 2001 outstanding borrowings under this facility were classified as current liabilities pending such renewal. LP also has a \$50 million (Canadian) revolving credit facility under which \$9.6 million in borrowings were outstanding at March 31, 2001. This facility is available until May 2001, subject to the covenant ratios discussed below. LP is currently in the process of renewing this facility. Borrowings under these two credit facilities are limited by a covenant that restricts the ratio of LP's funded debt to capital ratio (as those terms are defined in the relevant agreements) to a maximum of .55 to 1.

Significant changes in LP's balance sheet, net of assets transferred in connection with the sale of a controlling interest in the Samoa California pulp mill, from December 31, 2000 to March 31, 2001, include increases of \$35.7 million in accounts receivable and decreases of \$55.9 million in inventories, \$30.1 million in income tax receivables and \$42.5 million in accounts payable and accrued liabilities. The increase in accounts receivable is due to seasonal fluctuations in operations. The decrease in income tax receivables is due to refunds received for 2000 net operating losses.

Contingency reserves, which represent an estimate of future cash needs for various contingencies (primarily payments for siding litigation settlements), totaled \$159.9 million at March 31, 2001, of which \$35 million is estimated to be payable within one year. As with all accounting estimates, there is inherent uncertainty concerning the reliability and precision of these estimates. The amounts ultimately paid in resolving these contingencies could exceed the current reserves by a material amount. Litigation-related payments totaled \$1.9 million for the first three months of 2001.

### **Stock Repurchase Plan**

As of March 31, 2001, LP had reacquired a total of approximately 7.9 million shares for \$125 million under an authorization to reacquire up to 20 million shares from time to time in the open market. No shares were reacquired under the authorization in the first quarter of 2001. LP had approximately 104 million shares outstanding at March 31, 2001.

### **Dividend**

On May 7, 2001, LP announced that its Board of Directors has reduced the quarterly dividend to \$0.05 a share from \$0.14 paid in the first quarter of 2001. The dividend will be paid on June 1, 2001 to shareholders of record on May 17, 2001.

LP's Board of Directors indicated that, despite some recent improvement, product prices have been at near-record lows since their rapid decline starting in the second quarter of 2000. The board's action to reduce the dividend, which brings the rate more in line with competitive practices, was based on a variety of factors including market conditions, an uncertain economy and a desire to increase the company's financial flexibility. The dividend reduction will save the company about \$38 million per year.

### **Assets Held for Sale**

LP is seeking to sell its Chetwynd, British Columbia pulp mill, which is presently managed by an unrelated party pursuant to a management agreement that currently expires in December 2001. LP believes it has adequate support for the carrying value of the affected assets. However upon the sale, it is possible that LP will be required to record an additional impairment charge based upon actual sales price.

Due to the current market slowdown, LP is currently reviewing several mills for additional possible impairments. LP currently believes it has adequate support for the carrying value of each of these mills based upon the current demand and pricing assumptions. However, should the markets for the company's products deteriorate from March 31, 2001 levels, it is possible that LP will be required to record further impairment charges.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

A portion of LP's outstanding debt bears interest at variable rates. Accordingly, LP's interest expense can fluctuate based upon changes in prevailing interest rates. See Note 4 of the Notes to financial statements included in Item 8 of LP's annual report on Form 10-K for the year ended December 31, 2000 for additional information regarding LP's variable rate debt and corresponding interest rates.

LP's international operations create exposure to foreign currency rate risks, primarily due to fluctuations in the Canadian dollar. Although LP has entered into foreign exchange contracts to manage a portion of the foreign currency rate risk associated with certain of its indebtedness, LP historically has not entered into material currency rate hedges with respect to its exposure from operations (although it may do so in the future). See Notes 4 and 10 of the Notes to financial statements included in Item 8 of LP's annual report on Form 10-K for the year ended December 31, 2000 for a discussion of LP's foreign exchange contracts and geographic segment information, respectively.

LP historically has not entered into material commodity futures and swaps, although it may do so in the future.

## LOUISIANA-PACIFIC CORPORATION AND SUBSIDIARIES SUMMARY OF PRODUCTION VOLUMES

	Three Months Ended March 31,	
	2001	2000
Oriented strand board, million square feet 3/8" basis	1,367	1,395
Softwood plywood, million square feet 3/8" basis	207	268
Lumber, million board feet	229	264

Wood-based siding, million square feet 3/8" basis	154	169
Industrial panel products (particleboard, medium density fiberboard and hardboard), million square feet 3/4" basis	131	173
Engineered I-Joist, million lineal feet	14	24
Laminated veneer lumber (LVL), thousand cubic feet	1,700	2,150
Pulp, thousand short tons	51	99

#### INDUSTRY PRODUCT TRENDS

The amounts shown below are dollars per 1,000 square feet or, in the case of lumber, 1,000 board feet.

	OSB	Plywood	Lumber	Particleboard
	N. Central 7/16" Basis 24/16 Span Rating	Southern Pine 1/2" Basis Cdx 3-Ply	Framing Lumber Composite Prices	Inland Industrial 3/4" Basis
Annual Average				
1993	\$236	\$282	\$394	\$258
1994	265	302	405	295
1995	245	303	337	290
1996	184	258	398	276
1997	142	265	417	262
1998	205	284	349	259
1999	260	326	401	273
2000 1st Qtr. Avg.	261	284	384	291
2000 4 <sup>th</sup> Qtr. Avg.	153	244	277	264
2001 1 <sup>st</sup> Qtr. Avg.	132	242	284	257

Source: *Random Lengths*

#### PART II - OTHER INFORMATION

##### Item 1. Legal Proceedings.

Certain environmental matters and legal proceedings involving LP are discussed below. Additional environmental matters and legal proceedings involving LP are discussed in Item 7, Legal Proceedings, in LP's annual report on Form 10K for the year ended December 31, 2000.

##### Environmental Matters

LP is involved in a number of environmental proceedings and activities, and may be wholly or partially responsible for known or unknown contamination existing at a number of other sites at which it has conducted operations or disposed of wastes. Based on the information currently available, management believes that any fines, penalties or other costs or losses in excess of amounts currently accrued resulting from these matters will not have a material adverse effect on the financial position, results of operations, cash flows or liquidity of LP.

##### OSB Siding Matters

In 1994 and 1995, LP was named as a defendant in numerous class action and nonclass action proceedings brought on behalf of various persons or purported classes of persons (including nationwide classes in the United States and Canada) who own or purchased or used OSB siding manufactured by LP. In general, the plaintiffs in these actions alleged unfair business practices, breach of warranty, misrepresentation, conspiracy to defraud and other theories related to alleged defects, deterioration or failure of OSB siding products.

In June 1996, the U.S. District Court for the District of Oregon approved a settlement between LP and a nationwide class composed of all persons who own, have owned, or acquire property on which LP's OSB siding was installed prior to January 1, 1996, excluding persons who timely opted out of the settlement and persons who are members of the settlement class in the Florida litigation described below. Under the settlement agreement, an eligible claimant whose claim is filed prior to January 1, 2003 (or earlier in certain cases) and is approved by an independent claims administrator is entitled to receive from the settlement fund established under the agreement a payment equal to the replacement cost (determined by a third-party construction cost estimator and currently estimated to be in the range of \$2.20 to \$6.40 per square foot depending on the type of product and geographic location) of damaged siding, reduced by a specific adjustment (of up to 65%) based on the age of the siding. Class members who previously submitted or resolved claims under any other warranty or claims program of LP may be entitled to receive the difference between the amount payable under the settlement agreement and the amount previously paid. The extent of damage to OSB siding at each claimant's property is determined by an independent adjuster in accordance with a specified protocol. Settlement payments are not subject to adjustment for improper maintenance or installation.

A claimant who is dissatisfied with the amount to be paid under the settlement may elect to pursue claims against LP in a binding arbitration seeking compensatory damages without regard to the amount of payment calculated under the settlement protocol. A claimant who elects to pursue an arbitration claim must prove his entitlement to damages under any available legal theory, and LP may assert any available defense, including defenses that otherwise had been waived under the settlement agreement.

The settlement requires LP to contribute \$275 million to the settlement fund. Approximately \$272 million of that obligation had been satisfied at March 31, 2001 through cash payments of approximately \$261 million on a discounted basis. LP's remaining mandatory contributions to the settlement fund are due in June 2001 (approximately \$1 million) and June 2002 (approximately \$2 million). In addition to its mandatory contributions, at March 31, 2001, LP had paid, on a discounted basis, approximately \$97 million of its two \$50 million funding options, at a cost to LP of approximately \$66 million. LP was entitled to pay its mandatory and optional contributions to the settlement fund on a discounted basis as a result of early payments pursuant to a court-approved early payment program.

At March 31, 2001, the estimated amount of approved but unpaid claims under the settlement agreement exceeded the sum of the then-current balance of the settlement fund and LP's remaining mandatory contributions to the settlement fund by approximately \$101 million. Approximately 2,100 new claims were filed during the first quarter of 2001.

Based upon the payments that LP has made and committed to make, the settlement will continue in effect until at least August 2003. Within 60 days after June 7, 2003, the Claims Administrator shall notify LP of the dollar value of all remaining unfunded and approved claims. LP shall then have 60 days to notify the Claims Administrator whether LP elects to



fund all such remaining claims. If LP elects to fund those claims, then LP will pay by the end of the next 12-month period (2004) the greater of: (i) 50% of the aggregate sum of those claims (with the remaining 50% to be paid by 12 months thereafter in 2005); or (ii) 100% of the aggregate sum of those claims, up to a maximum of \$50 million (with all remaining claims paid 12 months thereafter in 2005). If LP elects not to pay the unpaid claims pursuant to the settlement, the settlement will terminate with respect to such unpaid claims and all unpaid claimants will be free to pursue their individual remedies from and after the date of LP's election.

If LP makes all contributions to the original settlement fund required under the settlement agreement, including all additional optional contributions as specified above, class members will be deemed to have released LP from all claims for damaged OSB siding, except for claims arising under their existing 25-year limited warranty after termination of the settlement agreement. The settlement agreement does not cover consequential damages resulting from damage to OSB Inner-Seal siding or damage to utility grade OSB siding (sold without any express warranty), either of which could create additional claims. In addition to payments to the settlement fund, LP was required to pay fees of class counsel in the amount of \$26.25 million, as well as expenses of administering the settlement fund and inspecting properties for damage and certain other costs.

A settlement of a related class action in Florida was approved by the Circuit Court for Lake County, Florida, on October 4, 1995. Under the settlement, LP has established a claims procedure pursuant to which members of the settlement class may report problems with LP's OSB siding and have their properties inspected by an independent adjuster, who will measure the amount of damage and also determine the extent to which improper design, construction, installation, finishing, painting, and maintenance may have contributed to any damage. The maximum payment for damaged siding is \$3.40 per square foot for lap siding and \$2.82 per square foot for panel siding, subject to reduction by up to 75 percent for damage resulting from improper design, construction, installation, finishing, painting, or maintenance, and also subject to reduction for age of siding more than three years old. LP has agreed that the deduction from the payment to a member of the Florida class will be not greater than the deduction computed for a similar claimant under the national settlement agreement described above. The period during which class members were entitled to make claims ended October 4, 2000. On March 31, 2001, there were less than 100 inspections remaining in the Florida class action. The total number of claims settled was 27,000 and totaled \$75.5 million.

Throughout the period the National and Florida Settlements have been in effect, LP has recorded accruals which represent management's best estimates of amounts to be paid based on available information. The unusual nature of the National and Florida Settlements and the various remedies available to LP makes the process of estimating these accruals difficult. LP expects to complete payments to Florida claimants during 2001 within its established reserves. In connection with the National Settlement, the liability recorded at March 31, 2001 represents management's best estimate of the future liability related to the siding claims based upon the most current information available. There can be no assurance that the ultimate liability will not significantly exceed the recorded liability.

### **Other Proceedings**

LP and its subsidiaries are parties to other legal proceedings. Based on the information currently available, management believes that the resolution of such proceedings will not have a material adverse effect on the financial position, results of operations, cash flows or liquidity of LP.

### **Contingency Reserves**

LP maintains reserves for the estimated cost of the legal and environmental matters referred to above. However, as with any estimate, there is uncertainty of predicting the outcomes of claims and litigation and environmental investigations and remediation efforts that could cause actual costs to vary materially from current estimates. Due to various uncertainties, LP cannot predict to what degree actual payments (including payments under the OSB siding litigation settlements or any alternative strategies adopted by LP with respect to OSB siding claims) will materially exceed the recorded liabilities related to these matters. However, it is possible that, in either the near term or the longer term, revised estimates or actual payments will significantly exceed the recorded liabilities.

For information regarding LP's financial statement reserves for the estimated costs of the environmental and legal matters referred to above, see Note 8 of the Notes to financial statements included in Item 8, Financial Statements and Supplementary Data, in LP's annual report on Form 10-K for the year ended December 31, 2000.

### **Item 6. Exhibits and Reports on Form 8-K.**

#### **(a) Exhibits**

Exhibit 10.1	Executive Loan Program as amended and restated as of November 24, 2000.
Exhibit 10.2	Credit Agreement dated November 21, 2000 by and among Louisiana-Pacific Corporation, Bank of America, N.A., Wachovia Bank, N.A. and Banc of America Securities, LLC.
Exhibit 10.3	Waiver and Second Amendment to the Credit Agreement dated February 16, 2001 by and among Louisiana-Pacific Corporation, Louisiana-Pacific Canada Pulp Co., and Bank of America, N.A.
Exhibit 10.4	Form of Award of the 1997 Incentive Stock Award Plan.

#### **(b) Reports on Form 8-K**

None

### **SIGNATURES**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LOUISIANA-PACIFIC CORPORATION

Date: May 9, 2001

By: /s/ Mark A. Suwyn

\_\_\_\_\_  
Mark A. Suwyn  
Chairman and Chief Executive Officer

Date: May 9, 2001

By: /s/ Curtis M. Stevens

\_\_\_\_\_  
Curtis M. Stevens  
Vice President, Chief Financial  
Officer and Treasurer  
(Principal Financial Officer)

**Exhibit Index**

- Exhibit 10.1 Executive Loan Program as amended and restated as of November 24, 2000.
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- Exhibit 10.4 Form of Award of the 1997 Incentive Stock Award Plan.

LOUISIANA-PACIFIC CORPORATION  
EXECUTIVE LOAN PROGRAM

As Amended and Restated November 24, 2000

1. **Purpose.** To provide loans to company executives for the purchase by them of shares of company stock. Such purchases shall be of shares of treasury stock held by the company.
2. **Covered Executives.** (a) The CEO, all Vice Presidents and all other employees who are "executive officers" of the company under Section 16 of the Securities Exchange Act of 1934, (b) Business Team Leaders and (c) other executives as designated by the CEO.
3. **Loan Amount.** Equal to the total cost of the shares of company stock purchased in one transaction by the executive from the company during the 60-day period following the effective date of this Executive Loan Program (the "Loan Program") for such executive. The loan shall be made upon written notification to the company by the executive of the number of shares he or she desires to purchase. Such shares shall be sold to the executive on the date such notification is received by the company at a price equal to the closing price of company stock on the New York Stock Exchange (NYSE) on such date or, if there is no trading on the NYSE on such date, the next preceding day on which there was such trading, and the necessary loan documents for the loan in an amount equal to the cost of such shares shall be executed by the parties as of such date.
4. **Maximum Loan Amount.** Three (3) times an executive's annual base pay as of the effective date of the Loan Program for such executive.
5. **Minimum Purchase and Loan.** To qualify for the loan, the executive must purchase a minimum of 10,000 shares of company stock.
6. **Maximum Total Loans.** The lesser of \$20 million or 1.7 million shares of company stock.
7. **Interest on Loan.** The interest rate shall be the lowest prevailing rate that will avoid imputed interest under Section 7872 of the Internal Revenue Code.
8. **Accrued Interest.** Annual accrued interest shall be added to the principal amount each year and shall be paid when the principal amount becomes due.
9. **Term of Loan.** Six years following the expiration of the 60-day period referred to in paragraph 3 above, except five years following the expiration of such 60-day period for those executives who become covered executives on or after November 24, 2000, unless earlier terminated as provided below.
10. **Security.** Loans shall be unsecured.
11. **Termination of Employment.** The outstanding amount of principal and accrued interest under the loan shall be paid within 30 days following an executive's resignation or involuntary termination of employment.
12. **Loan Forgiveness.** The provisions of this Paragraph 12 apply to those executives with outstanding loans under the Loan Program on or after November 24, 2000.

(a) **Length of Service Forgiveness.** If the executive remains continuously employed by the company until January 23, 2004, January 23, 2005 or January 23, 2006 ("Applicable Forgiveness Dates"), the following percentages of the original loan principal amount and the amount of accrued interest as of such date shall be forgiven:

Applicable Forgiveness Date	Original Loan Principal Forgiveness	Accrued Loan Interest Forgiveness
January 23, 2004	50 percent	-0-
January 23, 2005	25 percent	50 percent
January 23, 2006	25 percent	100 percent

In the event that, after January 23, 2001 and before January 23, 2006, the executive terminates employment with the company by reason of death, disability or involuntary termination by the company without cause, the executive shall be forgiven a prorated amount of the loan principal and accrued interest forgiveness percentages set forth above based upon his actual period of employment by the company during the period January 23, 2001 (or his last Applicable Forgiveness Date, if later) to the next Applicable Forgiveness Date following such

termination. The provisions of paragraph 11 of the Loan Program shall apply to the remaining unforgiven loan principal and accrued interest amounts.

(b) **Stock Price Forgiveness.** In addition to any loan principal and interest forgiveness provided under paragraph 12(a) above based upon length of service, if the company stock has traded on the NYSE at or above the price per share ("Price") set forth below (to be appropriately adjusted for any stock dividends or splits or recapitalizations that hereafter occur) for at least

five consecutive trading days during the 12-month period immediately preceding an Applicable Forgiveness Date on which the executive remains employed by the company, the following additional percentages of the original loan principal amount and the amount of accrued interest as of such date shall be forgiven:

<b>Applicable Forgiveness Date</b>	<b>Price</b>	<b>Additional Original Loan Principal Forgiveness</b>	<b>Additional Accrued Interest Forgiveness</b>
January 23, 2004	\$16.00	25 percent	50 percent
	20.00	50 percent	100 percent
January 23, 2005	18.00	25 percent	50 percent

(c) **Change In Control.** In the event of a Change in Control prior to January 23, 2006, the executive shall be forgiven the amount of original principal and the amount of accrued interest equal to the amount he would be forgiven under paragraph 12(a) above had he had a termination of employment described therein on the date of the Change in Control. Following the date of such Change in Control there shall be no further loan principal or accrued interest forgiveness under this paragraph 12. The term "Change in Control" shall, for purposes of this paragraph 12, have the same meaning as set forth in Section 2.5 of the Louisiana-Pacific Corporation Executive Deferred Compensation Plan as amended and restated September 1, 2000.

(d) **Stock Ownership.** Notwithstanding paragraphs (a), (b) and (c) above, no amount of loan principal or interest shall be forgiven on a forgiveness date if the executive no longer owns on such date, directly or beneficially, all of the shares of company stock originally purchased under the Loan Program.

14. **Loan Forgiveness - Income Taxes.** In the event of loan forgiveness under Paragraph 12 above, the executive shall be required to make arrangements satisfactory to the company for payment of all withholding and payroll taxes due in connection with

such forgiveness. At the option of the executive, or at the option of the company if no other arrangement for tax payment by the executive is made, income and other taxes that become payable by the executive with respect to such loan forgiveness and which are required to be withheld and paid over by the company may be satisfied by the transfer by the executive to the company of shares of company stock purchased under the Loan Program equal in fair market value to the amount of the tax obligation.

15. **Dividends.** Dividends paid on company stock that is subject to a loan under the Loan Program shall be paid to the executive. Shares issued as a result of a stock dividend or split or recapitalization shall be issued in the name of the executive and held pursuant to the custody agreement referred to in Paragraph 15 below.

16. **Loan Documents.** As a condition of receiving the loan or any extension thereof, the executive shall execute a promissory note and such other agreements as may be required by the company including, subject to applicable law, a custody agreement with respect to the stock purchased under the Loan Program and agreement authorizing the company to deduct any loan amount due and payable from any amounts owed by the company to the executive as compensation or otherwise.

17. **Securities Laws.** Purchases and sales of company stock pursuant to the Loan Program shall comply in all respects to federal and state securities laws and L-P's policies on insider trading.

18. **Effective Date.** The Loan Program is effective November 24, 1999 as to executives who are covered executives under Paragraph 2 above during the period November 24, 1999 to January 23, 2000. The Loan Program is effective November 24, 2000 for all other executives who are covered executives under Paragraph 2 above during the period November 24, 2000 to January 23, 2001.

**CREDIT AGREEMENT**

**Dated as of November 21, 2000**

**among**

**LOUISIANA-PACIFIC CORPORATION,**

**as the Borrower,**

**THE FINANCIAL INSTITUTIONS  
PARTY HERETO**

**and**

**BANK OF AMERICA, N.A.**

**as Administrative Agent,**

**WACHOVIA BANK, N.A.**

**as Syndication Agent**

**and**

**BANK ONE, N.A.**

**as Documentation Agent**

**and**

**BANC OF AMERICA SECURITIES, LLC,**

**as Lead Arranger and Book Manager**

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## CREDIT AGREEMENT

This CREDIT AGREEMENT, dated as of November 21, 2000, among Louisiana-Pacific Corporation, a corporation organized under the laws of the State of Delaware (the "Borrower"), the several financial institutions from time to time party to this Agreement (collectively, the "Banks"; individually, a "Bank"), Wachovia Bank, N.A. as Syndication Agent, Bank One, N.A., as Documentation Agent and Bank of America, N.A. as Administrative Agent for the Banks.

### WITNESSETH THAT:

WHEREAS, the Banks have agreed to make available to the Borrower a term loan facility upon the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the parties hereto agree as follows:

### ARTICLE I.

#### DEFINITIONS

1.01 Certain Defined Terms. In addition to the terms defined elsewhere in this Agreement, the following terms have the meanings indicated for purposes of this Agreement:

"Affiliate" means, with respect to any Person, any Subsidiary of such Person and any other Person which, directly or indirectly, controls, or is controlled by, or is under common control with, such Person (excluding any trustee under, or any committee with responsibility for administering, any Plan). A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power:

- (a) to vote 10% or more of the securities having ordinary voting power for the election of directors of such other Person; or
- (b) to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

"Agent" means Bank of America in its capacity as agent for the Banks hereunder, and any successor agent arising under Section 9.09.

"Agent-Related Persons" means Bank of America in its capacity as Agent and any successor agent arising under Section 9.09, together with their respective Affiliates (including, in the case of Bank of America, the Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

"Agent's Payment Office" means the address for payments set forth on Schedule 10.02 in relation to the Agent, or such other address as the Agent may from time to time specify.

"Agreement" means this Credit Agreement.

"Approved Fund" means any Fund that is administered or managed by (a) a Bank, (b) an Affiliate of a Bank or (c) an entity or an Affiliate of an entity that administers or manages a Bank.

"Arranger" means Banc of America Securities, LLC, a Delaware corporation.

"Attorney Costs" means and includes all fees and disbursements of any law firm or other external counsel, the allocated cost of internal legal services and all disbursements of internal counsel.

"Bank" has the meaning specified in the introductory clause hereto. References to the "Banks" shall include Bank of America so long as it has a Commitment or holds Loans hereunder.

"Bank of America" means Bank of America, N.A., a national banking association.

"Base Rate" means, for any day, the fluctuating interest rate per annum equal to the higher of (a) the sum of the Federal Funds Rate plus 1/2% and (b) the rate of interest (the "Reference Rate") publicly announced from time to time by Bank of America at its executive offices, as its reference rate or prime rate. The Reference Rate is a rate set by Bank of America based upon various factors, including Bank of America's cost and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below the Reference Rate. Any change in the Reference Rate shall take effect at the opening of business on the day specified in the public announcement of such change.

"Base Rate Loan" means a Loan that bears interest based on the Base Rate.

"Borrower" has the meaning specified in the introductory clause hereto.

"Borrowing" means the borrowing hereunder consisting of Loans of the same Type made to the Borrower on a single date pursuant to subsection 2.01(a) by the Banks ratably according to their respective Pro Rata Shares and, in the case of Offshore Rate Loans, having the same Interest Period.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York City or San Francisco are authorized or required by law to close and, if the applicable Business Day relates to any Offshore Rate Loan, means such a day on which dealings are carried on in the applicable offshore dollar interbank market.

“Capitalization” means, as at any time, the sum of Funded Debt and Net Worth.

“Closing Date” means the date on which all conditions precedent set forth in Article IV shall have been satisfied or waived.

“Code” means the Internal Revenue Code of 1986, and regulations promulgated thereunder.

“Contribution Agreement” means a contribution agreement between the Borrower and each of the Material Domestic Subsidiaries now or hereafter parties to the Guaranty substantially in the form of Exhibit H.

“Commitment” means, as to each Bank, such Bank’s obligation to make Loans pursuant to subsection 2.01(a) or (b).

“Compliance Certificate” means a certificate substantially in the form of Exhibit C.

“Conversion/Continuation Date” means any date on which, under Section 2.04, the Borrower (a) converts Loans of one Type to another Type, or (b) continues as Loans of the same Type, but with a new Interest Period, Loans having Interest Periods expiring on such date.

“Debt Rating” means, on any date, the rating of the Borrower’s senior unsecured and non-credit enhanced long-term indebtedness, as most recently publicly announced by Moody’s and S&P.

“Default” means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

“Dollars”, “dollars”, and “\$” means dollars of the United States of America.

“Eligible Assignee” means (a) a Bank; (b) an Affiliate of a Bank; (c) an Approved Fund; and (d) any other Person (other than a natural Person) approved by the Agent, in the case of any assignment of a Loan, and, unless (x) such Person is taking delivery of an assignment in connection with physical settlement of a credit derivatives transaction or (y) an Event of Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed).

“ERISA” means the Employee Retirement Income Security Act of 1974, and regulations promulgated thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate a Pension Plan or Multiemployer Plan, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate.

“Eurodollar Reserve Percentage” has the meaning specified in the definition of “Offshore Rate”.

“Event of Default” means any event listed in Section 8.01.

“Existing Agreement” means the Credit Agreement dated as of January 31, 1997 among the Borrower, Louisiana-Pacific Canada Limited, the financial institutions party thereto and Bank of America, N.A., as administrative agent, as amended.

“FDIC” means the Federal Deposit Insurance Corporation, and any governmental authority succeeding to any of its principal functions.

“Federal Funds Rate” means, for any day, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, “H.15(519)”) on the preceding Business Day opposite the caption “Federal Funds (Effective)”; or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Agent.

“Fee Letter” means the fee letter dated as of October 3, 2000 among the Borrower, Banc of America Securities LLC and the Agent.

“FRB” means the Board of Governors of the Federal Reserve System, and any governmental authority succeeding to any of its principal functions.

“Fund” means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

“Funded Debt” means, determined on a consolidated basis for the Borrower and its Subsidiaries, indebtedness for borrowed money or liability under a lease which is the primary source of payment of industrial revenue or pollution control bonds. Funded Debt also includes Purchase Money Indebtedness, prepayment deposits in respect of sales contracts and unfunded reserves maintained with respect to pending or threatened disputes or settlement thereof.

“GAAP” means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

“Guaranty” means a guaranty executed by each Material Domestic Subsidiary of the Borrower substantially in the form of Exhibit G.

“Indemnified Liabilities” has the meaning specified in Section 10.05.

“Indemnified Person” has the meaning specified in Section 10.05.

“Interest Payment Date” means, (a) as to any Offshore Rate Loan, the last day of each Interest Period applicable to such Loan and (b) as to any Base Rate Loan, the last Business Day of each calendar quarter and each date such Base Rate Loan is converted into another Type of Loan; provided, however, that if any Interest Period for an Offshore Rate Loan exceeds three months, the date that falls three months after the beginning of such Interest Period and after each Interest Payment Date thereafter is also an Interest Payment Date.

“Interest Period” means, as to any Offshore Rate Loan, the period commencing on the date of Borrowing of such Loan or on the Conversion/Continuation Date on which the Loan is converted into or continued as an Offshore Rate Loan, and ending on the date one, two, three or six months thereafter as selected by the Borrower in its Notice of Borrowing



or Notice of Conversion/Continuation, as the case may be, provided that:

- (i) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless, in the case of an Offshore Rate Loan, the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;
- (ii) any Interest Period pertaining to an Offshore Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period;
- (iii) no Interest Period shall extend beyond the Maturity Date; and
- (iv) unless the Borrower shall have exercised its option set forth in subsection 2.01(b), no Interest Period that begins before February 28, 2001 shall end after February 28, 2001.

“IRS” means the Internal Revenue Service, and any governmental authority succeeding to any of its principal functions under the Code.

“Lending Office” means, as to any Bank or the office or offices of such Bank specified as its “Lending Office” or “Domestic Lending Office” or “Offshore Lending Office”, as the case may be, on Schedule 10.02, or such other office or offices as such Bank may from time to time notify the Borrower and the Agent.

“Loan” means an extension of credit by a Bank to the Borrower under Article II, and may be an Offshore Rate Loan or a Base Rate Loan (each, a “Type” of Loan).

“Majority Banks” means at any time Banks holding more than 50% of the aggregate unpaid principal amount of the Loans, or, if no Loans are outstanding, Banks having more than 50% of the Commitments.

“Material Domestic Subsidiary” means any Subsidiary of the Borrower (i) having assets constituting at least 10% of the Borrower’s consolidated assets (such valuation of assets, in the case of notes receivable owned by LPS Corporation and its Subsidiaries, to be made net of indebtedness secured by such notes receivable) and (ii) that is organized under the laws of any jurisdiction of the United States of America or a subdivision thereof.

“Maturity Date” means the date which is three years after the Closing Date.

“Moody’s” means Moody’s Investor Services, Inc. or any successor to the rating agency business thereof.

“Multiemployer Plan” means a “multiemployer plan”, within the meaning of Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes, is making, or is obligated to make contributions or, during the preceding three calendar years, has made, or been obligated to make, contributions.

“Net Worth” means the total, determined on a consolidated basis for the Borrower and its Subsidiaries, of (1) the capital accounts as determined by GAAP and (2) debt of the Borrower which is subordinated by the holders thereof to the Loans and other sums now or hereafter owed by the Borrower or its Subsidiaries to the Agent or the Banks with respect to the Loans or otherwise under this Agreement or the Notes, by arrangements or agreements in form and substance satisfactory to the Majority Banks.

“Note” has the meaning specified in subsection 2.02(b) and “Notes” means all of the Notes.

“Notice of Borrowing” means a notice in substantially the form of Exhibit A.

“Notice of Conversion/Continuation” means a notice in substantially the form of Exhibit B.

“Offshore Rate” means, for any Interest Period, with respect to Offshore Rate Loans, the rate of interest per annum (rounded upward to the next 1/16th of 1%) determined by the Agent as follows:

$$\text{Offshore Rate} = \frac{\text{LIBOR}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

Where,

“Eurodollar Reserve Percentage” means for any day for any Interest Period the maximum reserve percentage (expressed as a decimal, rounded upward to the next 1/100th of 1%) in effect on such day (whether or not applicable to any Bank) under regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as “Eurocurrency liabilities”); and

“LIBOR” means, for any Interest Period, (a) the rate per annum equal to the rate determined by the Agent to be the offered rate that appears on the page of the Telerate screen that displays an average British Bankers Association Interest Settlement Rate for deposits in dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or (b) in the event the rate referenced in the preceding clause (a) does not appear on such page or service or such page or service shall cease to be available, the rate per annum equal to the rate determined by the Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or (c) in the event the rates referenced in the preceding clauses (a) and (b) are not available, the rate per annum determined by the Agent as the rate of interest (rounded upward to the next 1/100th of 1%) at which deposits in dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Offshore Rate Loan being made, continued or converted by the Agent (or its Affiliate) in its capacity as a Bank and with a term equivalent to such Interest Period would be offered by Bank of America’s London Branch to major banks in the offshore Dollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period.

The Offshore Rate shall be adjusted automatically as to all Offshore Rate Loans then outstanding as of the effective date of any change in the Eurodollar Reserve Percentage.

“Offshore Rate Loan” means any Loan that bears interest based on the Offshore Rate.

“Other Taxes” means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies (but not including such taxes (including income taxes or franchise taxes) as are imposed on or measured by each Bank’s net income) which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other documents or instruments given in connection herewith.

“PBGC” means the Pension Benefit Guaranty Corporation, or any governmental authority succeeding to any of its principal functions under ERISA.

“Pension Plan” means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which the Borrower or any ERISA Affiliate sponsors or maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five plan years.

“Permitted Swap Obligations” means all obligations (contingent or otherwise) of the Borrower or any of its Subsidiaries existing or arising under Swap Contracts, provided that each of the following criteria is satisfied: (a) such obligations are (or were) entered into by such Person for the purpose of directly mitigating risks associated with liabilities, commitments or assets held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person in conjunction with a securities repurchase program not otherwise prohibited hereunder, and not for purposes of speculation or taking a “market view;” and (b) such Swap Contracts do not contain any provision (“walk-away” provision) exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party.

“Person” means any individual, association, joint venture, partnership, joint stock company, corporation, trust, business trust, government, governmental agency, governmental subdivision or other entity.

“Plan” means an employee benefit plan (as defined in Section 3(3) of ERISA) which the Borrower or any ERISA Affiliate sponsors or maintains or to which the Borrower makes, is making, or is obligated to make contributions and includes any Pension Plan.

“Pro Rata Share” means, as to any Bank at any time, the percentage equivalent (expressed as a decimal, rounded to the eighth decimal place) at such time of the principal amount of such Bank’s Loan divided by the combined Loans of all Banks, or, no Loans are outstanding, the percentage equivalent (expressed as a decimal rounded to the eighth decimal place) at such time of such Bank’s Commitment divided by the combined Commitments of all the Banks.

“Purchase Money Indebtedness” means indebtedness incurred for the purchase of assets either by way of deferred payment of the purchase price thereof or by borrowing in order to finance such purchase.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

“Requirement of Law” means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a governmental authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

“S&P” means Standard & Poor’s or any successor to the rating agency business thereof.

“Subsidiary” of a Person means any corporation, association, partnership, joint venture or other business entity of which more than 50% of the voting stock or other equity interests (in the case of Persons other than corporations) is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof. Unless the context otherwise clearly requires, references herein to a “Subsidiary” refer to a Subsidiary of the Borrower.

“Swap Contract” means any agreement, whether or not in writing, relating to any transaction that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, swaption, currency option or any other, similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a) the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include any Bank).

“Taxes” means any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Bank and the Agent, such taxes (including income taxes or franchise taxes) as are imposed on or measured by such Person’s net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Person is organized or maintains a lending office.

“Type” has the meaning specified in the definition of “Loan.”

“Unfunded Pension Liability” means the excess of a Plan’s benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan’s assets, determined in accordance with the assumptions used for funding that Plan pursuant to Section 412 of the Code for the applicable plan year.

“United States” and “U.S.” each means the United States of America.

1.02 Accounting Principles. All financial computations required under this Agreement shall be made, and all financial information required under this Agreement shall be prepared, in accordance with GAAP, consistently applied. References herein to “fiscal year” and “fiscal quarter” refer to such fiscal periods of the Borrower.

## ARTICLE II.

### THE CREDITS

#### 2.01 Amount and Terms of Commitments

(a) The Term Credit. Each Bank severally agrees, on the terms and conditions set forth herein, to make a single loan to the Borrower (each such loan, a “Loan”) in an amount not to exceed the amount set forth on Schedule 2.01 opposite such Bank’s name under the heading “Commitment”. Each Bank’s Loan shall not exceed its pro rata share (as set forth on Schedule 2.01 opposite such Bank’s name under the heading “Pro Rata Share”) of the aggregate Loans made by the Banks on such date of Borrowing. Amounts borrowed as Loans which are repaid or prepaid by the Borrower may not be reborrowed. Any portion of the Commitments (other than those referenced in subsection 2.01(b) below) that are not used on such date of Borrowing shall automatically terminate. Notwithstanding anything herein to the contrary, the Commitment of each Bank to make a Loan shall terminate on November 30, 2000 if the Borrowing has not occurred on or prior to such date.

(b) Additional Commitments. The Borrower shall have the right, on or before February 28, 2001, to identify one or more Eligible Assignees that desire to become Banks hereunder. If the Borrower so identifies any such Eligible Assignee or Eligible Assignees, then, on a single day before February 28, 2001 and pursuant to assumption documentation reasonably acceptable to the Agent and the Borrower pursuant to which any such new lender or lenders agree to become a “Bank” or “Banks” hereunder and make a “Loan” or “Loans” hereunder on the last day of an Interest Period, any such Eligible Assignee or Eligible Assignees shall become a “Bank” or “Banks” hereunder and make a “Loan” or “Loans” hereunder; provided, in no event shall any such additional Loan or Loans cause the aggregate principal amount of all Loans made under subsection 2.01(a) and (b) hereof to exceed \$200,000,000. Additionally, the parties hereto agree that in the event of any such new Loan or Loans, Schedule 2.01 shall be amended to reflect any such new Loan or Loans as of the date on which such Loan or Loans are made.

#### 2.02 Loan Accounts; Notes; Designation of Borrower.

(a) The Loans made by each Bank shall be evidenced by one or more loan accounts or records maintained by such Bank in the ordinary course of business. The loan accounts or records maintained by the Agent and each Bank shall be rebuttable presumptive evidence of the amount of the Loans made by the Banks to the Borrower and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder or under any Note.

(b) Upon the request of any Bank made through the Agent, the Loan made by such Bank to the Borrower may be evidenced by a note in the form of Exhibit F (a "Note"), instead of loan accounts. Each such Bank shall endorse on the schedules annexed to its Note the date, amount and maturity of each Loan made by it and the amount of each payment of principal made by the Borrower with respect thereto. Each such Bank is irrevocably authorized by the Borrower to endorse its Note and each Bank's notations on its Note or other loan accounts or records shall be rebuttable presumptive evidence of the amount of the Loans made by such Bank to the Borrower and the payments thereon; provided, however, that the failure of a Bank to make, or an error in making, a notation on its Note or other loan accounts or records with respect to any Loan shall not limit or otherwise affect the obligations of the Borrower hereunder.

2.03

Procedure for the Borrowing.

(a) The Borrowing shall be made upon the Borrower's irrevocable written notice delivered to the Agent in the form of a Notice of Borrowing (which notice must be received by the Agent prior to 9:00 a.m. (San Francisco time)) (i) three Business Days prior to the date of Borrowing, in the case of Offshore Rate Loans, and (ii) one Business Day prior to the date of Borrowing, in the case of Base Rate Loans, specifying:

- (i) the amount of the Borrowing, which shall be in an aggregate minimum amount of \$5,000,000 or any multiple of \$1,000,000 in excess thereof;
- (ii) the requested date of the Borrowing;
- (iii) the Type of Loans comprising the Borrowing; and
- (iv) the duration of the Interest Period applicable to any Offshore Rate Loans included in such notice. If the Notice of Borrowing fails to specify the duration of the Interest Period for any Borrowing comprised of Offshore Rate Loans, such Interest Period shall be three months.

(b) The Agent will promptly notify each Bank of its receipt of any Notice of Borrowing and of the amount of such Bank's Pro Rata Share of that Borrowing.

(c) Each Bank will make the amount of its Loan available to the Agent for the account of the Borrower, at the Agent's Payment Office by 11:00 a.m. (San Francisco time) on the date of Borrowing requested by Borrower in funds immediately available to the Agent. The proceeds of all such Loans received in immediately available funds by the Agent by 11:00 a.m. (San Francisco time) on such date of Borrowing will then be made available to the Borrower by the Agent in immediately available funds at such office by crediting by 1:00 p.m. (San Francisco time) on such date the account of Borrower on the books of Bank of America with the aggregate of the amounts made available in immediately available funds to the Agent by the Banks. Any proceeds of such Loans received in immediately available funds by the Agent by 11:00 a.m. (San Francisco time) on such date of Borrowing and not credited to the Borrower by 1:00 p.m. (San Francisco time) on such date shall be deemed to have been disbursed on the following Business Day and interest shall begin to accrue thereon on such following Business Day; provided, that, if the failure to credit any such funds received from a Bank by the Agent in immediately available funds by 11:00 a.m. (San Francisco time) on such date of Borrowing to the Borrower by 1:00 p.m. (San Francisco time) on such date is due to the gross negligence or willful misconduct of the Agent, then the Agent shall pay to such Bank interest on such funds at the Federal Funds Rate from such date of receipt by the Agent to the following Business Day.

2.04

Conversion and Continuation Elections for Loans.

(a) The Borrower may, upon irrevocable written notice to the Agent in accordance with subsection 2.04(b):

- (i) elect, as of any Business Day, in the case of Base Rate Loans, or as of the last day of the applicable Interest Period, in the case of any other Type of Loans, to convert any such Loans (or any part thereof in an amount not less than \$5,000,000, or that is in an integral multiple of \$1,000,000 in excess thereof) into Loans of any other Type; or
- (ii) elect, as of the last day of the applicable Interest Period, to continue any Loans having Interest Periods expiring on such day (or any part thereof in an amount not less than \$5,000,000, or that is in an integral multiple of \$1,000,000 in excess thereof);

provided, that if at any time the aggregate amount of Offshore Rate Loans sharing concurrent Interest Periods is reduced, by payment, prepayment, or conversion of part thereof to be less than \$5,000,000, such Offshore Rate Loans shall automatically convert into Base Rate Loans, and on and after such date the right of the Borrower to continue such Loans as, and convert such Loans into, Offshore Rate Loans shall terminate.

(b) The Borrower shall deliver a Notice of Conversion/Continuation to be received by the Agent not later than 9:00 a.m. (San Francisco time) at least (i) three Business Days in advance of the Conversion/Continuation Date, if the Loans are to be converted into or continued as Offshore Rate Loans and (ii) one Business Day in advance of the Conversion/Continuation Date, if the Loans are to be converted into Base Rate Loans, specifying:

- (i) the proposed Conversion/Continuation Date;
- (ii) the aggregate amount of Loans to be converted or renewed;
- (iii) the Type of Loans resulting from the proposed conversion or continuation; and
- (iv) other than in the case of conversions into Base Rate Loans, the duration of the requested Interest Period.

(c) If upon the expiration of any Interest Period applicable to Offshore Rate Loans, the Borrower has failed to select timely a new Interest Period to be applicable to such Offshore Rate Loans, the Borrower shall be deemed to have requested that such Offshore Rate Loans shall be continued as Offshore Rate Loans having a one-month Interest Period and deemed to have represented that the conditions precedent set forth in subsections 4.02(b), (c), and (d) have been satisfied; provided that if such Interest Period shall not exist because of the circumstances set forth in clauses (iii) or (iv) of the definition of "Interest Period" or such election shall not be available by virtue of a Default or Event of Default pursuant to subsection 2.04(e), then the Borrower shall be deemed to have elected to convert such Offshore Rate Loans into Base Rate Loans effective as of the expiration date of such Interest Period.

(d) The Agent will promptly notify each Bank of its receipt of a Notice of Conversion/Continuation, or, if no timely notice is provided by the Borrower, the Agent will promptly notify each Bank of the details of any automatic continuation or, as applicable, conversion. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Loans with respect to which the notice was given held by each Bank.

(e) Unless the Majority Banks otherwise agree, during the existence of a Default or Event of Default, the Borrower may not elect to have a Loan converted into or continued as an Offshore Rate Loan.

(f) There may be only one Interest Period in effect at any time until February 28, 2001, and, thereafter, after giving effect to any conversion or continuation of Loans, there may not be more than seven different Interest Periods in effect in respect of all Loans then outstanding.

2.05 Prepayments.

(a) Subject to Section 3.04, the Borrower may, at any time or from time to time, upon irrevocable notice to the Agent, ratably prepay Loans in whole or in part, in minimum amounts of \$5,000,000 or any multiple of \$1,000,000 in excess thereof. Such notice of prepayment shall specify the date and amount of such prepayment, and, if applicable, the Type(s) of Loans to be prepaid, and must be received by the Agent prior to 9:00 a.m. (San Francisco time) (i) three Business Days prior to the proposed date of prepayment in the case of Offshore Rate Loans and (ii) one Business Day prior to the proposed date of prepayment in the case of Base Rate Loans. The Agent will promptly notify each Bank of its receipt of any such notice, and, if applicable, of such Bank's Pro Rata Share of such prepayment. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest to such date on the amount prepaid and any amounts required pursuant to Section 3.04.

2.06 Repayment.

The Borrower shall repay to the Banks on the Maturity Date the aggregate principal amount of Loans outstanding on such date.

2.07 Interest.

(a) Each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the date when made until paid in full at the Base Rate plus the percentage set forth opposite the Debt Rating then in effect under the heading "Applicable Margin Base Rate Loans" in the pricing grid set forth below:

Debt Ratings			
Moody's		S & P	Applicable Margin Base Rate Loans
Baa 1 or Higher	<u>or</u>	BBB+ or Higher	0%
Baa 2	<u>or</u>	BBB	0.25%
Baa 3	<u>or</u>	BBB-	0.50%
Lower than Baa3	<u>or</u>	Lower than BBB-	0.75%

(b) Each Offshore Rate Loan shall bear interest on the outstanding principal amount thereof from the date when made until paid in full at the applicable Offshore Rate plus the percentage set forth opposite the Debt Rating then in effect under the heading "Applicable Margin Offshore Rate Loans" in the pricing grid set forth below:

Debt Ratings			
Moody's		S & P	Applicable Margin Offshore Rate Loans
A2 or Higher	<u>or</u>	A or Higher	0.50%
A3	<u>or</u>	A-	0.75%
Baa 1	<u>or</u>	BBB+	1.00%
Baa 2	<u>or</u>	BBB	1.25%
Baa 3	<u>or</u>	BBB-	1.50%
Lower than Baa 3	<u>or</u>	Lower than BBB-	1.75%

(c) Any change in the applicable margin shall become effective three Business Days after notification to the Agent of a change in Debt Rating by (i) the Borrower pursuant to Section 6.03 (g), or (ii) any Bank, accompanied in the case of clause (ii) by evidence satisfactory to the Agent of such event. In the event of a split rating, the higher rating will apply; if the Debt Ratings are split by more than one level, one level above the lower rating will apply. If any time only one rating is available, the applicable margin shall be determined solely by reference to such one rating. If at any time no Debt Rating is available, the applicable margin shall be 0.75% per annum for all Base Rate Loans and 1.75% for all Offshore Rate Loans.

(d) Interest on each Loan shall be paid in arrears on each Interest Payment Date. Interest shall also be paid on the date of any prepayment of Loans under Section 2.05 for the portion of the Loans so prepaid and upon payment (including prepayment) in full thereof and, during the existence of any Event of Default, interest shall be paid on demand of the Agent at the request or with the consent of the Majority Banks.

(e) During the continuation of any Event of Default pursuant to Section 8.01, the Borrower shall pay interest (after as well as before judgment to the extent permitted by law) on the principal amount of all Loans outstanding, at a rate per annum which is determined by adding 2% per annum to the applicable margin then in effect in accordance with Section 2.07(a) or (b), as applicable, and, in the case of obligations not subject to any such applicable margin, at a rate per annum equal to the Base Rate plus the applicable margin for Base Rate Loans then in effect in accordance with Section 2.07(a) plus 2%; provided, however, that, on and after the expiration of any Interest Period applicable to any Offshore Rate Loan outstanding on the date of occurrence of such Event of Default or acceleration, the principal amount of such Offshore Rate Loan shall, during the continuance of such Event of Default or after acceleration, bear interest at a rate per annum equal to the Base Rate plus the applicable margin for Base Rate Loans then in effect in accordance with Section 2.07(a) plus 2%.

(f) Anything herein to the contrary notwithstanding, the obligation of the Borrower to any Bank hereunder shall be subject to the limitation that payments of interest shall not be required for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by such Bank would be contrary to the provisions of any law applicable to such Bank limiting the highest rate of interest that may be lawfully contracted for, charged or received by such Bank, and in such event each Borrower shall pay such Bank interest at the highest rate permitted by applicable law.

2.08 Fees.

(a) The Borrower shall pay to the Agent on the date of Borrowing for the account of each Bank an upfront fee with respect to such Bank in the amount as set forth for such Bank on the update sheet dated November 17, 2000 delivered by the Agent to the Borrower.

(b) The Borrower shall pay to Bank of America on the date of Borrowing for its account a structuring and syndicating fee in the amount separately agreed in the Fee Letter.

(c) The Borrower shall pay to the Agent on the date of Borrowing and on each anniversary thereafter for its account an administrative fee in the amount separately agreed in the Fee Letter.

2.09 Computation of Fees and Interest.

(a) All computations of interest for Base Rate Loans when the Base Rate is determined by Bank of America's "reference rate" shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365-day year). Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof. The Agent will provide to the Borrower a statement of the amount of interest due on each Interest Payment Date and such other dates that interest is due hereunder and a statement of the amount of fees due on each date that fees are due hereunder; provided that the failure of the Agent to provide any such statement shall not limit or otherwise affect the Borrower's obligations hereunder or under any Note or any other document or instrument given in connection herewith.

(b) Each determination of an interest rate by the Agent shall be conclusive and binding on the Borrower and the Banks in the absence of manifest error.

2.10 Payments by the Borrower.

(a) All payments to be made by the Borrower shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by the Borrower shall be made to the Agent for the account of the Banks at the Agent's Payment Office, and shall be made in dollars and in immediately available funds, no later than 12:00 noon (San Francisco time) on the date specified herein. The Agent will promptly distribute to each Bank its Pro Rata Share (or other applicable share as expressly provided herein) of such payment in like funds as received. Any payment received by the Agent later than 12:00 noon (San Francisco time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

(b) Subject to the provisions set forth in the definition of "Interest Period" herein, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Unless the Agent receives notice from the Borrower prior to the date on which any payment is due to the Banks that the Borrower will not make such payment in full as and when required, the Agent may assume that the Borrower has made such payment in full to the Agent on such date in immediately available funds and the Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Borrower has not made such payment in full to the Agent, each Bank shall repay to the Agent on demand such amount distributed to such Bank, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Bank until the date repaid.

2.11 Payments by the Banks to the Agent.

(a) Unless the Agent receives notice from a Bank on or prior to the date of Borrowing that such Bank will not make available as and when required hereunder to the Agent for the account of the Borrower the amount of that Bank's Pro Rata Share of the Borrowing, the Agent may assume that each Bank has made such amount available to the Agent in immediately available funds on the date of Borrowing and the Agent may (but shall not be so required), in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent any Bank shall not have made its full amount available to the Agent in immediately available funds and the Agent in such circumstances has made available to the Borrower such amount, that Bank shall on the Business Day following such date of Borrowing make such amount available to the Agent, together with interest at the Federal Funds Rate for each day during the period from the date of Borrowing to the date that Bank makes such amount available to the Agent. A notice of the Agent submitted to any Bank with respect to amounts owing under this subsection (a) shall be conclusive, absent manifest error. If such amount is so made available, such payment to the Agent shall constitute such Bank's Loan as of the date of the Borrowing for all purposes of this Agreement. If such amount is not made available to the Agent on the Business Day following the date of Borrowing, the Agent will notify the Borrower of such failure to fund and, upon demand by the Agent, the Borrower shall pay such amount to the Agent for the Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing.

(b) The failure of any Bank to make any Loan on the date of Borrowing shall not relieve any other Bank of any obligation hereunder to make a Loan on such Date, but no Bank shall be responsible for the failure of any other Bank to make the Loan to be made by such other Bank on any such Date.

2.12 Sharing of Payments, Etc. If, other than as expressly provided elsewhere herein, any Bank shall obtain on account of the Loans made by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its Pro Rata Share, such Bank shall immediately (a) notify the Agent of such fact, and (b) purchase from the other Banks such participations in the Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Bank, such purchase shall to that extent be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid therefor, together with an amount equal to such paying Bank's ratable share (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. Each Borrower agrees that any Bank so purchasing a participation from another Bank may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 10.11) with respect to such participation as fully as if such Bank were the direct creditor of the Borrower in the amount of such participation. The Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Banks following any such purchases or repayments.

2.13 Guaranty. All obligations of the Borrower hereunder and any Note shall be guaranteed pursuant to the Guaranty, to the extent executed and delivered pursuant to Section 6.09 hereof.

### ARTICLE III.

#### TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes

(a) Any and all payments by the Borrower to each Bank or the Agent under this Agreement and any other document or instrument given in connection herewith shall be made free and clear of, and without deduction or withholding for any Taxes. In addition, the Borrower shall pay all Other Taxes.

(b) The Borrower agrees to indemnify and hold harmless each Bank and the Agent for the full amount of Taxes or Other Taxes imposed on any payments by the Borrower under this Agreement (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section) paid by such Bank or the Agent and any liability (including penalties, interest, additions to tax and expenses, unless arising from the gross negligence or willful misconduct of such Bank or the Agent) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date such Bank or the Agent makes written demand therefor.

(c) If the Borrower shall be required by law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable hereunder to any Bank or the Agent, then:

- (i) the sum payable shall be increased as necessary so that after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section) such Bank or the Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made;
- (ii) the Borrower shall make such deductions and withholdings;
- (iii) the Borrower shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and
- (iv) the Borrower shall also pay to each Bank or to the Agent for the account of such Bank, at the time interest is paid, all additional amounts which the respective Bank specifies as necessary to preserve the after-tax yield such Bank would have received if such Taxes or Other Taxes had not been imposed.

(d) Within 30 days after the date of any payment by the Borrower of Taxes or Other Taxes, the Borrower shall furnish the Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to the Agent.

(e) If any Bank is a "foreign corporation, partnership or trust" within the meaning of the Code and such Bank claims exemption from, or a reduction of, U.S. withholding tax under Sections 1441 or 1442 of the Code (a "Non-U.S. Lender"), such Bank agrees with and in favor of the Agent and the Borrower, to deliver to the Agent and the Borrower:

- (i) if such Bank claims an exemption from, or a reduction of, withholding tax under a United States tax treaty, two properly completed IRS Form W-8BEN or other version of IRS Form W-8, as appropriate, before the payment of any interest in the first calendar year and before the payment of any interest in each third succeeding calendar year during which interest may be paid under this Agreement;
- (ii) if such Bank claims that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States trade or business of such Bank, two properly completed and executed copies of IRS Form W-8ECI or other version of IRS Form W-8, as appropriate, before the payment of any interest is due in the first taxable year of such Bank and in each succeeding taxable year of such Bank during which interest may be paid under this Agreement; and
- (iii) such other form or forms as may be required under the Code or other laws of the United States as a condition to exemption from, or reduction of, United States withholding tax.

Such forms and other documentation shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement and on or before the date, if any, such Non-U.S. Lender changes its applicable Lending Office by designating a different Lending Office or selecting an additional office. In addition, each Non-U.S. Lender shall deliver appropriate replacements to such forms previously delivered by it promptly upon the obsolescence or invalidity of any form or other documentation previously delivered by such Non-U.S. Lender if under then applicable law, it can appropriately deliver such form.

(f) The Borrower shall not be required to pay any additional amounts under subsection (c) above or any indemnification under subsection (b) above in respect of U.S. Federal withholding tax pursuant to paragraph (c) or (b) above to the extent that the obligation to pay such additional amounts or indemnification would not have arisen but for a failure by the such Bank to comply with the provisions of subsection (e) above.

(g) If any Bank claims exemption from, or reduction of, withholding tax under a United States tax treaty by providing IRS Form W-8BEN and such Bank sells, assigns, grants a participation in, or otherwise transfers all or part of the obligations of the Borrower hereunder to such Bank, such Bank agrees to notify the Agent and the Borrower of the percentage amount in which it is no longer the beneficial owner such obligations of the Borrower to such Bank. To the extent of such percentage amount, the Agent and the Borrower will treat such Bank's IRS Form W-8BEN as no longer valid.

(h) If any Bank claiming exemption from United States withholding tax by filing IRS Form W-8ECI grants a participation in all or part of the obligations of the Borrower hereunder to such Bank, such Bank agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code.

(i) If any Bank is entitled to a reduction in the applicable withholding tax, the Agent may withhold from any interest payment to such Bank an amount equivalent to the applicable withholding tax after taking into account such reduction. If the forms or other documentation required by subsection (e) of this Section are not delivered to the Agent, then the Agent may withhold from any interest payment to such Bank not providing such forms or other documentation an amount equivalent to the applicable withholding tax.

(j) If the IRS or any other governmental authority of the United States or other jurisdiction asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Bank (because the appropriate form was not delivered, was not properly executed, or because such Bank failed to notify the Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Bank shall indemnify the Agent fully for all amounts paid, directly or indirectly, by the Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Agent under this Section, together with all costs and expenses (including Attorney Costs). The obligation of the Banks under this subsection shall survive the payment of all obligations and the resignation or replacement of the Agent.

(k) If the Borrower is required to pay additional amounts to any Bank or the Agent for such Person's account pursuant to subsection (c) of this Section, then such Bank shall use reasonable efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of its Lending Office so as to eliminate any such additional payment by the Borrower which may thereafter accrue, if such change in the judgment of such Bank is not otherwise disadvantageous to such Bank, as the case may be.

### 3.02 Illegality.

(a) If any Bank reasonably determines that the introduction of any Requirement of Law, or any change in any Requirement of Law, or in the interpretation or administration of any Requirement of Law, has made it unlawful, or that any central bank or other governmental authority has asserted that it is unlawful, for any Bank or its applicable Lending Office to make Offshore Rate Loans, then, on notice thereof by the Bank to the Borrower through the Agent, any obligation of that Bank to make Offshore Rate Loans shall be suspended until such Bank notifies the Agent and the Borrower that the circumstances giving rise to such determination no longer exist.

(b) If a Bank reasonably determines that it is unlawful for such Bank to maintain any Offshore Rate Loan, upon its receipt of notice of such fact and demand from such Bank (with a copy to the Agent) (i) the Borrower shall prepay in full such Offshore Rate Loans to it of that Bank then outstanding, together with interest accrued thereon and amounts required under Section 3.04, either on the last day of the Interest Period thereof, if such Bank may lawfully continue to maintain such Offshore Rate Loans to such day, or immediately, if such Bank may not lawfully continue to maintain such Offshore Rate Loans, or

(ii) the Offshore Rate Loan of the Borrower to that Bank shall be automatically converted to a Base Rate Loan, either on the last day of the Interest Period thereof, if such Bank may lawfully continue to maintain such Offshore Rate Loan to such day, or immediately, if such Bank may not lawfully continue to maintain such Offshore Rate Loan, and, in the case of a conversion to a Base Rate Loan prior to the last day of the Interest Period thereof, the Borrower shall pay, on the date of such automatic conversion, interest accrued thereon to such day and amounts required under Section 3.04.

(c) If the obligation of any Bank to make or maintain Offshore Rate Loans has been so terminated or suspended, the Borrower may elect, by giving notice to such Bank through the Agent that all Loans which would otherwise be made by such Bank as Offshore Rate Loans shall be instead Base Rate Loans.

3.03 Increased Costs and Reduction of Return.

(a) If any Bank determines that, due to either (i) the introduction of or any change (other than any change by way of imposition of or increase in reserve requirements included in the calculation of the Offshore Rate) in or in the interpretation of any law or regulation or (ii) the compliance by that Bank with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to such Bank of agreeing to make or making, funding or maintaining any Offshore Rate Loans, then each Borrower shall be liable for, and shall from time to time, upon demand (with a copy of such demand to be sent to the Agent), pay to the Agent for the account of such Bank, additional amounts as are sufficient to compensate such Bank for such increased costs.

(b) If any Bank shall have determined that (i) the introduction of any Capital Adequacy Regulation, (ii) any change in any Capital Adequacy Regulation, (iii) any change in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other governmental authority charged with the interpretation or administration thereof, or (iv) compliance by such Bank (or the Lending Office of such Bank) or any corporation controlling such Bank with any Capital Adequacy Regulation, affects or would affect the amount of capital required or expected to be maintained by such Bank or any corporation controlling such Bank and (taking into consideration such Bank's or such corporation's policies with respect to capital adequacy and such Bank's or such corporation's desired return on capital) determines that the amount of such capital is increased as a consequence of its Commitment, Loan, credits or obligations under this Agreement, then, upon demand of such Bank to the Borrower through the Agent, the Borrower shall pay to such Bank, as applicable, from time to time as specified by such Bank, additional amounts sufficient to compensate such Bank for such increase. For purposes of this subsection, "Capital Adequacy Regulation" means any guideline, request or directive of any central bank or other governmental authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any bank or of any corporation controlling a bank.

3.04 Funding Losses. The Borrower shall reimburse each Bank and hold each Bank, harmless from any loss or expense which such Bank may sustain or incur as a consequence of:

- (a) the failure of the Borrower to make on a timely basis any payment of principal of any Offshore Rate Loan;
- (b) the failure of the Borrower to borrow, continue or convert a Loan after the Borrower has given (or is deemed to have given) a Notice of Borrowing or a Notice of Conversion/Continuation;
- (c) the failure of the Borrower to make any prepayment of any Loan in accordance with any notice delivered under Section 2.05;
- (d) the prepayment (including pursuant to Section 2.05) or other payment (including after acceleration thereof) of any Offshore Rate Loan on a day that is not the last day of the relevant Interest Period; or
- (e) the automatic conversion under Section 2.04 or subsection 3.02(b) of any Offshore Rate Loan to a Base Rate Loan on a day that is not the last day of the relevant Interest Period; including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Offshore Rate Loans or from fees payable to terminate the deposits from which such funds were obtained.

3.05 Inability to Determine Rates. If the Agent determines that for any reason adequate and reasonable means do not exist for determining the Offshore Rate for any requested Interest Period with respect to a proposed Offshore Rate Loan, or that the Offshore Rate applicable pursuant to subsection 2.07(b) for any requested Interest Period with respect to a proposed Offshore Rate Loan does not adequately and fairly reflect the cost to the Banks of funding such Loan, the Agent will promptly so notify the Borrower and each Bank. Thereafter, the obligation of the Banks to make or maintain Offshore Rate Loans, as the case may be, hereunder shall be suspended until the Agent revokes such notice in writing. Upon receipt of such notice, the Borrower may revoke Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Borrower does not revoke such Notice of Borrowing, the Banks shall make, convert or continue the Loans, as proposed by the Borrower, in the amount specified in the applicable notice submitted by the Borrower, but such Loans shall be made, converted or continued as Base Rate Loans instead of Offshore Rate Loans.

3.06 Survival. The agreements and obligations of the Borrower in this Article III shall survive the payment of all other obligations hereunder.

## ARTICLE IV.

### CONDITIONS PRECEDENT

4.01 Conditions of Initial Loans. The obligation of each Bank to make its Loan hereunder is subject to the condition that the Agent have received all of the following, in form and substance satisfactory to the Agent and each Bank, and in sufficient copies for each Bank:

- (a) Credit Agreement and Notes. This Agreement and, if requested by any Bank three Business Days before the Closing Date, the Note payable to such Bank, each executed by each party thereto;
- (b) Legal Opinions. (i) An opinion, dated the Closing Date, of Miller Nash LLP, counsel to the Borrower, substantially in the form of Exhibit D-1 and (ii) an opinion, dated the Closing Date, of Morrison & Foerster, special California counsel to the Agent, substantially in the form of Exhibit D-2;
- (c) Resolutions. A copy of a resolution or resolutions passed by the Board of Directors (or, to the extent permitted by resolutions or bylaws of the Board of Directors, the Executive Committee thereof) of the Borrower, certified by the Secretary or an Assistant Secretary of the Borrower as being in full force and effect on the Closing Date, authorizing the Borrowing and the execution, delivery and performance of this Agreement and any instrument or agreement required hereunder or thereunder;
- (d) Incumbency. A certificate, signed by the Secretary or an Assistant Secretary of the Borrower and dated the Closing Date, as to the incumbency, and containing the specimen signature or signatures, of the person or persons authorized to execute and deliver this Agreement and any instrument or agreement required hereunder or thereunder;
- (e) [Intentionally omitted];
- (f) Certificates. A certificate signed by a duly authorized officer of the Borrower, dated as of the Closing Date, stating that:
  - (i) the representations and warranties contained in Article V are true and correct on and as of such date, as though made on and as of such date; and
  - (ii) no Default or Event of Default exists or would result from the Borrowing to be made by it;

(g) Other Documents. Certified copies of all approvals, consents, exemptions and other actions by, or certificates of, and notices to and filings with, any governmental authority and any trustee or holder of any indebtedness or obligation of the Borrower which, in any Bank's opinion, are required in connection with any transaction contemplated herein, including good standing certificates with respect to the Borrower for the States of Delaware and Oregon; and

(h) No Material Adverse Effect. There shall not have occurred a material adverse change since June 30, 2000 in the business, assets, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole or in the facts and information regarding such entities as represented to date.

4.02 Conditions to the Borrowing and all Conversions and Continuations. The obligation of each Bank to make its Loan or to continue or convert such Loan, is subject to the satisfaction of the following conditions precedent on the relevant date of Borrowing, conversion or continuation;

(a) Notice of Borrowing or Notice of Conversion/Continuation. As to any Loan, the Agent shall have received (with, in the case of the initial Loan only, a copy for each Bank) a Notice of Borrowing on the date of Borrowing or a Notice of Conversion/Continuation;

Continuation of Representations and Warranties. The representations and warranties in Article V (exclusive of the last two sentences of Section 5.13) shall be true and correct on and as of such date of Borrowing, conversion or continuation with the same effect as if made on and as of such date of Borrowing, conversion or continuation; and

(c) No Existing Default. No Default or Event of Default shall exist or shall result from such Borrowing, conversion or continuation.

Each Notice of Borrowing or Notice of Conversion/Continuation submitted by the Borrower hereunder shall constitute a representation and warranty by the Borrower, as of the date of each such notice or request and as of the date of such Borrowing, conversion or continuation, that the conditions in this Section 4.02 are satisfied.

## ARTICLE V.

### REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to the Agent and each Bank that:

5.01 Corporate Existence. The Borrower is a corporation duly organized and existing under the laws of the jurisdiction of its incorporation, and is properly qualified as a foreign corporation and in good standing in every jurisdiction in which it is doing business of a nature that requires such qualification;

5.02 Subsidiaries. Each of its Subsidiaries is duly organized and existing under the laws of the jurisdiction of its formation, and is properly qualified as a foreign corporation and in good standing in every jurisdiction in which it is doing business of a nature that requires such qualification;

5.03 Corporate Authorization. The execution, delivery and performance of this Agreement and any instrument or agreement required hereunder to be executed by it, and, to the extent executed and delivered pursuant to Section 6.09, the execution, delivery and performance of the Guaranty and Contribution Agreement by each Material Domestic Subsidiary and any instrument or agreement required hereunder or thereunder to be executed by such Person, are within such Person's powers, have been duly authorized, and are not in conflict with the terms of any charter, bylaw or other organization papers of such Person, or any instrument or agreement to which such Person is a party or by which such Person is bound or affected;

5.04 Governmental Authorization. No approval, consent, exemption or other action by, or notice to or filing with, any governmental authority is necessary in connection with the execution, delivery or performance by the Borrower of this Agreement or by any Material Domestic Subsidiary of the Guaranty or Contribution Agreement or any instrument or agreement required hereunder or thereunder to be executed by such Person, except as may have been obtained and certified copies of which have been delivered to the Agent and each Bank;

5.05 No Contravention. There is no law, rule or regulation applicable to the Borrower or any of the Material Domestic Subsidiaries, nor is there any judgment, decree or order of any court or governmental authority binding on the Borrower or any of the Material Domestic Subsidiaries, which would be contravened by the execution, delivery, performance or enforcement of this Agreement, the Guaranty, or the Contribution Agreement or any instrument or agreement required hereunder;

5.06 Binding Effect. This Agreement is a legal, valid and binding agreement of the Borrower, enforceable against the Borrower in accordance with its terms, and upon the execution and delivery thereof, the Guaranty and the Contribution Agreement will be legal, valid and binding agreements of each of the Material Domestic Subsidiaries, and any instrument or agreement required hereunder or thereunder when executed and delivered, will be similarly legal, valid, binding and enforceable;

5.07 Encumbrances. The properties and assets of the Borrower and Subsidiaries are free and clear of all security interests, liens, encumbrances or rights of others, except for security interests, liens and encumbrances permitted under Section 7.04;

5.08 Compliance with Laws. The Borrower and each of its Subsidiaries are in compliance with all applicable federal, state and local laws, ordinances and regulations relating to hazardous materials or wastes or hazardous or toxic substances, except where failure to so comply would not have a material adverse effect on the Borrower's consolidated financial condition or operations or materially impair the Borrower's ability to perform its obligations hereunder or under any instrument or agreement required hereunder or the ability of any Material Domestic Subsidiary to perform its obligations under the Guaranty or Contribution Agreement or under any instrument or agreement required thereunder;

5.09 Litigation. Except as disclosed in reports filed by the Borrower with the Securities and Exchange Commission, copies of which have been delivered to the Banks, there are no suits, proceedings, claims or disputes pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its Subsidiaries or their respective properties, the adverse determination of which might reasonably be expected to materially affect the Borrower's consolidated financial condition or operations or materially impair the Borrower's ability to perform its obligations hereunder or under any instrument or agreement required hereunder or the ability of any Material Domestic Subsidiary to perform its obligations under the Guaranty or Contribution Agreement or under any instrument or agreement required thereunder;

5.10 No Default. No Default or Event of Default has occurred and is continuing or would result from the incurring of obligations by the Borrower hereunder or any Material Domestic Subsidiary under the Guaranty or Contribution Agreement;

5.11 Use of Proceeds; Margin Regulations. The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 6.01 and Section 7.05. Neither the Borrower nor any of its Subsidiaries is generally engaged in the business of purchasing or selling "margin stock" as such term is defined in Regulation T, U or X of the FRB or extending credit for the purpose of purchasing or carrying such margin stock;

5.12 Regulated Entities. Neither the Borrower, any Person controlling the Borrower, or any Subsidiary of the Borrower is an "Investment Company" within the meaning of the Investment Company Act of 1940. The Borrower is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other Federal or state statute or regulation limiting its ability to incur indebtedness;

5.13 Financial Statements. All consolidated financial statements for the year ended December 31, 1999, and subsequent periods, furnished by the Borrower to the Agent and the Banks present fairly, in all material respects, the consolidated financial position of the Borrower (unless otherwise therein noted and any changes in accounting principles and practices are concurred with by the accountants referred to in subsection 6.07(b)) and, together with all other information and data furnished by the Borrower to the Agent and the Banks, are complete and correct as of the dates and periods therein specified. Since such dates there has been no change in the Borrower's consolidated financial condition or results of operations sufficient to impair the Borrower's ability to repay the Loans in accordance with the terms hereof. Neither the Borrower nor any of its Subsidiaries



has any contingent obligations, liabilities for taxes or other outstanding financial obligations which are material in the aggregate, except as disclosed in such statements, information and data;

5.14 ERISA Compliance.

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS and, to the best knowledge of the Borrower, nothing has occurred which would cause the loss of such qualification. The Borrower and each ERISA Affiliate have made all required contributions to any Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan;

(b) There are no pending or, to the best knowledge of the Borrower, threatened claims, actions or lawsuits, or action by any governmental authority, with respect to any Plan which have resulted or could reasonably be expected to result in a material adverse change in the Borrower's consolidated financial condition or results of operations. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in a material adverse change in the Borrower's consolidated financial condition or results of operations;

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) except as disclosed in Schedule 5.14(c), no Plan has any Unfunded Pension Liability; (iii) neither the Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither the Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) neither the Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA; and

5.15 Swap Obligations. Neither the Borrower nor any of its Subsidiaries has incurred any outstanding obligations under any Swap Contracts, other than Permitted Swap Obligations.

**ARTICLE VI.**

**AFFIRMATIVE COVENANTS**

So long as any Bank shall have any Commitment hereunder or any Loan or other obligation hereunder shall remain unpaid or unsatisfied, the Borrower will and, with respect to Sections 6.02, 6.03, 6.04, 6.05, 6.06 and 6.08, will cause each of its Subsidiaries to, unless the Majority Banks waive compliance in writing:

6.01 Use of Proceeds. Use the proceeds of the Loans for working capital, capital expenditures or other lawful general corporate purposes, including refinancing of indebtedness under the Existing Credit Agreement, not in contravention of any Requirement of Law;

6.02 Preservation of Corporate Existence, Etc. Preserve all rights, privileges and franchises useful or necessary for ordinary business operations and keep all properties useful or necessary for ordinary business operations in good working order and condition, and from time to time make all needful repairs, renewals and replacements thereto and thereof so that the efficiency of such property shall be fully maintained and preserved;

6.03 Notices. Promptly give notice in writing to the Agent and each Bank of:

(a) all litigation when the aggregate amount of claims pending is \$50,000,000 or more and the litigation involves \$15,000,000 or more and the Borrower, or a Subsidiary thereof, is a defendant;

(b) any dispute which may exist between the Borrower or any of its Subsidiaries and any governmental regulatory body or any threatened action by any governmental agency to acquire or condemn any of the properties of the Borrower or any of its Subsidiaries where the amount involved is \$30,000,000 or more;

(c) any strike involving 1,000 or more employees of the Borrower or any of its Subsidiaries which has continued for thirty (30) days;

(d) any proceeding or order before any court or administrative body requiring the Borrower or any of its Subsidiaries to comply with any statute or regulation regarding protection of the environment if such compliance would require (i) expenditures in the amount of \$50,000,000 or more or (ii) if such violation involves the reasonable possibility of the imposition of a fine of \$20,000,000 or more;

(e) the occurrence of any of the following events affecting the Borrower or any ERISA Affiliate (but in no event more than 10 days after such event), and deliver to the Agent and each Bank a copy of any notice with respect to such event that is filed with a governmental authority and any notice delivered by a governmental authority to the Borrower or any ERISA Affiliate with respect to such event:

(i) an ERISA Event;

(ii) a material increase in the Unfunded Pension Liability of any Plan;

(iii) the adoption of, or the commencement of contributions to, any Plan subject to Section 412 of the Code by the Borrower or any ERISA Affiliate; or

(iv) the adoption of any amendment to a Plan subject to Section 412 of the Code, if such amendment results in a material increase in contributions or Unfunded Pension Liability,

(f) any Default or Event of Default known to the Borrower; and

(g) any change by Moody's or S&P in the Debt Rating.

Each notice under this Section shall be accompanied by a written statement by the chief financial officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower or any affected Subsidiary proposes to take with respect thereto and at what time. Each notice under subsection 6.03(f) shall describe with particularity any and all clauses or provisions of this Agreement that have been breached or violated;

6.04 Payment of Obligations. Promptly pay and discharge all material obligations, including tax claims, at maturity, except such as may be contested in good faith or as to which a bona fide dispute may exist;

6.05 Insurance. Maintain such insurance as is usually maintained by others in the business of the same nature as the business of the Borrower and each of its Subsidiaries, as the case may be, or maintain a program of self insurance, with reserves, in accordance with sound business practices;

6.06 Inspection of Property and Books and Records. Maintain adequate books, accounts and records in accordance with good accounting standards and permit representatives of the Majority Banks or the Agent to inspect such books and records and to visit the properties of the Borrower and its Subsidiaries;

6.07 Financial Statements. From time to time as hereinafter set forth promptly prepare, or cause to be prepared, and deliver to the Agent, with sufficient copies for each Bank, in form and detail satisfactory to the Majority Banks:

- (a) On a consolidated basis summary balance sheets and statements of income, shareholders' equity and cash flows for the Borrower and its Subsidiaries as of the end of each of the first three quarterly accounting periods in each fiscal year of the Borrower; such statements shall be delivered within 45 days from the end of the period covered and shall be furnished with a Compliance Certificate signed by a responsible officer of the Borrower;
- (b) On a consolidated basis summary balance sheets and statements of income, shareholders' equity and cash flows for the Borrower and its Subsidiaries as of the end of each fiscal year of the Borrower, certified by an independent certified public accountant or accountants selected by the Borrower and acceptable to the Majority Banks; such independent certified public accountant or accountants shall also certify to the effect that in the course of making their audit they obtained no knowledge of any existing unremedied Default or Event of Default by the Borrower under this Agreement, or a statement disclosing any such defaults if any are found, which statements referred to in this Section 6.07(b) shall be delivered within 90 days from the end of the period covered and shall be furnished with a Compliance Certificate signed by a responsible officer of the Borrower;
- (c) Within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower and within 90 days after the end of each fiscal year of the Borrower, a Compliance Certificate, with schedules containing the information and calculations necessary to substantiate compliance with Section 7.01, certified by a responsible officer of the Borrower and, in the case of financial statements as of the end of each fiscal year, reviewed and certified by the Borrower's independent certified public accountant or accountants;
- (d) Within 90 days after the end of each fiscal year of the Borrower, a list of Subsidiaries;
- (e) Within 15 days after filing with the Securities and Exchange Commission, a copy of all public documents (with the exception of Forms S-8) filed by the Borrower with the Securities and Exchange Commission; and
- (f) Such other financial statements, lists of property and accounts, forecasts, legal opinions or reports as to the Borrower or any of its Subsidiaries, as any Bank may reasonably request from time to time; and

6.08 ERISA Compliance .

- (a) Maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law; (b) cause each Plan which is qualified under Section 401(a) of the Code to maintain such qualification; (c) make all required contributions to any Plan subject to Section 412 of the Code, and cause each of its ERISA Affiliates to do each of the foregoing; and (d) not take or permit any action which would cause the representations in subsection 5.14 with respect to the Borrower to cease to be true and correct in all material respects.

6.09 New Subsidiaries. If the Borrower or any of its Subsidiaries at any time after the date hereof, acquires, forms, or establishes any Material Domestic Subsidiary or any Subsidiary becomes a Material Domestic Subsidiary, the Borrower shall (i) cause any such Material Domestic Subsidiary (and, as applicable, the Borrower) to promptly (a) execute and deliver to the Agent the Guaranty and Contribution Agreement, or, as appropriate, supplements thereto in forms attached hereto as Exhibits G, H and I and (b) provide such evidence of due authorization, execution, and delivery of such documents as the Agent may reasonably require; and (ii) cause its counsel to provide an opinion regarding such Material Domestic Subsidiary and/or the Borrower and the Guaranty and Contribution Agreement (or, as applicable, Supplement) covering the opinions and subject to the limitations set forth in the form of opinion attached as Exhibit D-1 hereto.

6.10 Additional Covenants. In the event that at any time this Agreement is in effect or any Loan or Note remains unpaid the Borrower shall enter into any agreement, guarantee, indenture or other instrument governing, relating to, providing for commitments to advance or guaranteeing any Financing (as defined below) or to amend any terms and conditions applicable to any Financing, which agreement, guarantee, indenture or other instrument includes covenants, warranties, representations, defaults or events of default (or any other type of restriction which would have the practical effect of any of the foregoing, including, without limitation, any "put" or mandatory prepayment of such debt) or other terms or conditions (other than relating to any matters set forth in Section 2.07) not substantially as, or in addition to those, provided in this Agreement or any other document related hereto, or more favorable to the lender or other counterparty thereunder than those provided in this Agreement or any other document related hereto, the Borrower shall promptly so notify the Agent and the Banks. Thereupon, if the Agent shall request by written notice to the Borrower (after a determination has been made by the Majority Banks that any of the above referenced documents or instruments contain any provisions which either individually or in the aggregate are more favorable than one of the provisions set forth herein), the Borrower, the Agent and the Banks shall enter into an amendment to this Agreement providing for substantially the same such covenants, warranties, representations, defaults or events of default or other terms or conditions as those provided for in such agreement, guarantee, indenture or other instrument, to the extent required and as may be selected by the Agent, such amendment to remain in effect until any such covenants, warranties, representations, defaults or events of default or other terms or conditions shall no longer be in effect pursuant to such other agreement, guarantee, indenture or other instrument. As used herein, the term "Financing" means (i) any transaction or series of transactions for the incurrence by the Borrower of any indebtedness or for the establishment of a commitment to make advances which would constitute indebtedness of the Borrower, which indebtedness is not by its terms subordinate and junior to other indebtedness of the Borrower, (ii) an obligation incurred in a transaction or series of transactions in which assets of the Borrower are sold and leased back, or (iii) a sale of accounts or other receivables or any interest therein, other than a sale or transfer of accounts or receivables attendant to a sale permitted hereunder; provided, that the maturity date of any such transaction described in clauses (i), (ii) or (iii) shall be longer than one year and the principal amount of any such transaction described in clauses (i), (ii) or (iii) shall be at least \$25,000,000.

## ARTICLE VII.

### NEGATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder or any Loan or other obligation hereunder shall remain unpaid or unsatisfied, the Borrower will not, nor will it permit any of its Subsidiaries to, unless the Majority Banks waive compliance in writing:

7.01 Funded Debt to Capitalization. On a consolidated basis, permit the ratio of Funded Debt to Capitalization, measured as of the end of each fiscal quarter, to be in excess of 0.55 to 1.00;

7.02 Disposition of Property. Sell, lease, sell and lease back, exchange, transfer or otherwise dispose of:

- (a) in a transaction, or a series of transactions, all or substantially all of the property and assets of the Borrower and its Subsidiaries on a consolidated basis;
- (b) during any calendar year, any of its fixed or capital assets with a fair market value exceeding on a cumulative basis for such year for all such dispositions by the Borrower and its Subsidiaries ten percent (10%) of the total consolidated assets of the Borrower (determined as of the immediately preceding December 31); or
- (c) any of its material assets, to the extent not otherwise prohibited by this Section, except for full, fair and reasonable consideration;

7.03 Mergers. Merge or consolidate with any other Person or liquidate or dissolve; provided, however, that:

- (a) Borrower may merge or consolidate with any other Person if, (i) in the case of a merger or consolidation of the Borrower, the Borrower (or the resulting corporation in a consolidation) will be the surviving corporation and (ii) in all events, the Borrower (or such resulting corporation) will not be in default under any of the terms of this Agreement immediately after the merger or consolidation; and

(b) any Subsidiary may be merged with or dissolved into the Borrower or with or into any other Subsidiary; provided that, in the case of a merger with or dissolution into the Borrower, the Borrower will be the surviving corporation;

7.04 Encumbrances. Subject (or permit to be subjected) any property to any mortgage, deed of trust, encumbrance, or voluntary lien or acquire property subject thereto; provided, however, that this Section 7.04 shall not be deemed to prohibit mortgages or other encumbrances (or acquisitions of property subject thereto), including in support of industrial revenue or pollution control bonds which are capitalized and treated as indebtedness by the Borrower (provided that the maximum aggregate outstanding balance of indebtedness secured by such mortgages or other encumbrances, including such bonds but excluding indebtedness secured by liens on promissory notes of Sierra Pacific Industries and Simpson Timber Company pledged by L-PSPV, Inc. or L-P SPV2, LLC, shall never be in excess of \$200,000,000 in the aggregate for the Borrower and its Subsidiaries on a consolidated basis), liens for taxes, loggers' liens, mechanics' liens, or other liens arising by law out of the nature of the operations involved;

7.05 Use of Proceeds.

(a) Use any portion of the Loan proceeds, directly or indirectly, (i) to purchase or carry "margin stock" as such term is defined in Regulation T, U or X of the FRB, (ii) to repay or otherwise refinance indebtedness of the Borrower or others incurred to purchase or carry such margin stock, (iii) to extend credit for the purpose of purchasing or carrying any such margin stock, or (iv) to acquire any security in any transaction that is subject to Section 13 or 14 of the Securities and Exchange Act of 1934, and regulations promulgated thereunder; or

(b) directly or indirectly, use any portion of the Loan proceeds (i) knowingly to purchase Ineligible Securities from the Arranger during any period in which the Arranger makes a market in such Ineligible Securities, (ii) knowingly to purchase during the underwriting or placement period Ineligible Securities being underwritten or privately placed by the Arranger, or (iii) to make payments of principal or interest on Ineligible Securities underwritten or privately placed by the Arranger and issued by or for the benefit of the Borrower or any Affiliate of the Borrower. The Arranger is a registered broker-dealer and permitted to underwrite and deal in certain Ineligible Securities; and "Ineligible Securities" means securities which may not be underwritten or dealt in by member banks of the Federal Reserve System under Section 16 of the Banking Act of 1933 (12 U.S.C. § 24, Seventh), as amended; or

7.06 ERISA.

(a) engage in one or more prohibited transactions or violations of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in liability of the Borrower in an aggregate amount in excess of \$50,000,000; or (b) engage in a transaction that could be subject to Section 4069 or 4212(c) of ERISA, and the Borrower shall not suffer or permit any of its ERISA Affiliates to do any of the foregoing.

## ARTICLE VIII.

### EVENTS OF DEFAULT

8.01 Events of Default. Any of the following shall constitute an "Event of Default":

(a) The Borrower shall fail to pay, within five (5) Business Days after the date when due, any installment of interest or principal or any other sum due under this Agreement in accordance with the terms hereof;

(b) Any representation or warranty herein or in any agreement, instrument or certificate executed pursuant hereto, including the Guaranty, or in connection with any transaction contemplated hereby shall prove to have been false or misleading in any material respect when made or when deemed to have been made;

(c) A writ, execution or attachment, or any similar process, shall be levied against all or any substantial portion of the property of the Borrower or any of its Subsidiaries or any judgment shall be entered against the Borrower or any of its Subsidiaries in an amount in excess of \$20,000,000 and such writ, execution, attachment, process or judgment is not released, bonded, satisfied, vacated or appealed from within 60 days after its levy or entry, or the total of all judgments against the Borrower and its Subsidiaries outstanding at any time which have not been released, bonded, satisfied, vacated or appealed from within 60 days from the respective dates of entry thereof shall exceed \$50,000,000 in the aggregate;

(d) The Borrower or any of its Subsidiaries shall fail to pay its debts generally as they come due, or shall file any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors;

(e) An involuntary petition shall be filed under any bankruptcy statute against the Borrower or any of its Subsidiaries, or a custodian, receiver, trustee, assignee for the benefit of creditors (or other similar official) shall be appointed to take possession, custody, or control of the properties of the Borrower or any of its Subsidiaries, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within 45 days from the date of said filing or appointment;

(f) (i) Any Event of Default shall occur under and as defined in Section 8 of the Existing Credit Agreement or the comparable section under any agreement evidencing a restatement or refinancing of the Existing Credit Agreement, (ii) any default shall occur under any other agreement involving the borrowing of money or the extension of credit under which the Borrower or any of its Subsidiaries may be obligated as borrower having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than \$25,000,000, if such default consists of the failure to pay any such indebtedness when due or if such default causes (or upon a lapse of time or notice or both would cause) the acceleration of any such indebtedness or the termination of any commitment to lend, or if such default permits (or upon a lapse of time or notice or both would permit) the holder or holders of such indebtedness or beneficiary or beneficiaries of such indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to accelerate any indebtedness or to terminate any commitment to lend, or (iii) there occurs under any Swap Contract an Early Termination Date resulting from (1) any event of default under such Swap Contract as to which the Borrower or any of its Subsidiaries is the Defaulting Party or (2) any Termination Event as to which the Borrower or any of its Subsidiaries is an Affected Party, and, in either event, the Swap Termination Value owed by the Borrower or such Subsidiary as a result thereof is greater than \$25,000,000; for purposes of this subsection (f), the terms "Early Termination Date", "Defaulting Party", "Termination Event", and "Affected Party" shall have the meanings assigned to them in the relevant Swap Contract, it being understood that such definitions contemplate Swap Contracts documented on International Swaps and Derivatives Association ("ISDA") standard forms; if such Swap Contract is not documented on an ISDA standard form, such terms shall be given similar or analogous meanings as used in such non-ISDA standard agreements;

(g) (i) Any one or more ERISA Events shall occur with respect to one or more Pension Plans or Multiemployer Plans which has or have resulted or could reasonably be expected to result in liability of the Borrower under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of \$50,000,000; (ii) the aggregate amount of Unfunded Pension Liability among all Pension Plans at any time exceeds \$50,000,000; or (iii) the Borrower or any ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any installment payment or payments with respect to its withdrawal liability under Section 4201 of ERISA under any one or more Multiemployer Plans, which payment or payments are in an aggregate amount in excess of \$50,000,000;

(h) The entering of a final order by any court or administrative agency requiring the Borrower or any of its Subsidiaries to divest itself of such a substantial part of its assets that the ability of the Borrower to pay, when due and payable, either at the fixed maturity thereof or otherwise, the Loans or any part thereof, or any installment of interest thereon, or the principal of or interest on any other obligation for borrowed money, will be or may reasonably be expected to be materially adversely affected, which order is not subject to appeal or review by any court or as to which order the right to appeal or review has expired, and such order remains in effect for more than 60 days;

(i) Any Person or related group of Persons (other than employees of the Borrower or its Subsidiaries and any Plan for the benefit of such employees) shall beneficially own or shall control by proxy or otherwise, or shall enter into any agreement to obtain any right to acquire, more than thirty percent (30%) of the Borrower's voting securities;

(j) At any time prior to termination or expiration of the Commitment and payment in full of the Loans and any other obligations of the Borrower hereunder and under any other document or instrument given in connection herewith and of any amounts due under the Guaranty, the Guaranty (to the extent executed and delivered pursuant to Section 6.09) is for any reason partially (including with respect to future advances) or wholly revoked or invalidated, or otherwise ceases to be in full force and effect, or the Borrower, any Material Domestic Subsidiary or any other Person contests in any manner the validity or enforceability thereof or denies that it has any further liability or obligation thereunder; or

(k) The Borrower or any Material Domestic Subsidiary shall breach, or default under, any covenant, term, condition, provision, representation or warranty contained in this Agreement or in the Guaranty or Contribution Agreement not specifically referred to in this Article, and, except in the case of a breach or default under Section 7.03 of this Agreement, such breach or default shall continue for thirty days after the earlier of its discovery by any elected or appointed officer of the Borrower or written notice thereof to the Borrower by the Agent or any Bank.

8.02 Remedies. If any Event of Default occurs, the Agent shall, at the request of, or may, with the consent of, the Majority Banks,

(a) declare the commitment of each Bank to make Loans to be terminated, whereupon such commitments shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other document or instrument given in connection herewith to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower; and

(c) exercise on behalf of itself and the Banks all rights and remedies available to it and the Banks under this Agreement, the Notes, the Guaranty, the Contribution Agreement or applicable law;

provided, however, that upon the occurrence of any event specified in subsection (d) or (e) of Section 8.01 (in the case of subsection (e) upon the expiration of the 45-day period mentioned therein), the obligation of each Bank to make Loans shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Agent or any Bank.

8.03 Rights Not Exclusive. The rights provided for in this Agreement and the other documents or instruments given in connection herewith are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

8.04 Notice of Default. The Agent shall give notice to the Borrower under subsection 8.01(k) promptly upon being requested to do so by any Bank and shall thereupon notify all the Banks thereof.

## ARTICLE IX.

### THE AGENT

9.01 Appointment and Authorization: "Agent". Each Bank hereby irrevocably (subject to Section 9.09) appoints, designates and authorizes the Agent to take such action on its behalf under the provisions of this Agreement and each other document or instrument given in connection herewith and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any such document or instrument, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any such document or instrument, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Agent have or be deemed to have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other document or instrument given in connection herewith or otherwise exist against the Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" in this Agreement with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom and is intended to create or reflect only an administrative relationship between independent contracting parties.

9.02 Delegation of Duties. The Agent may execute any of its duties under this Agreement or any other document or instrument given in connection herewith by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

9.03 Liability of Agent. None of the Agent-Related Persons shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other document or instrument given in connection herewith or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by the Borrower or any Subsidiary or Affiliate of the Borrower, or any officer thereof, contained in this Agreement or in any other such document or instrument, or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or any other document or instrument given in connection herewith, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other such document or instrument, or for any failure of the Borrower or any other party to any other such document or instrument to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other such document or instrument, or to inspect the properties, books or records of the Borrower or any of the Borrower's Subsidiaries or Affiliates.

9.04 Reliance by Agent.

(a) The Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other document or instrument given in connection herewith unless it shall first receive such advice or concurrence of the Majority Banks (or, when expressly required hereby, all of the Banks) as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other document or instrument given in connection herewith in accordance with a request or consent of the Majority Banks (or, when expressly required hereby, all of the Banks) and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

(b) For purposes of determining compliance with the conditions specified in Section 4.01, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Bank.

9.05 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Agent for the account of the Banks, unless the Agent shall have received written notice from a Bank or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". The Agent will notify the Banks of its receipt

of any such notice. The Agent shall take such action with respect to such Default or Event of Default as may be requested by the Majority Banks in accordance with Article VIII; provided, however, that unless and until the Agent has received any such request, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

9.06 Credit Decision. Each Bank acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by the Agent hereafter taken, including any review of the affairs of the Borrower or its Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower and its Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other documents or instruments given in connection herewith, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other documents expressly herein required to be furnished to the Banks by the Agent, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Borrower which may come into the possession of any of the Agent-Related Persons.

9.07 Indemnification of Agent. Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of the Borrower and without limiting the obligation of the Borrower to do so), pro rata, from and against any and all Indemnified Liabilities; provided, however, that no Bank shall be liable for the payment to the Agent-Related Persons of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other document or instrument given in connection herewith, or any document contemplated by or referred to herein, to the extent that the Agent is not reimbursed for such expenses by or on behalf of the Borrower. The undertaking in this Section shall survive the payment of all obligations hereunder and the resignation or replacement of the Agent.

9.08 Agent in Individual Capacity. Bank of America (or any successor agent) and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Borrower and its Subsidiaries and Affiliates as though Bank of America (or such successor agent) were not the Agent hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, Bank of America (or such successor agent) or its Affiliates may receive information regarding the Borrower or its Subsidiaries or Affiliates (including information that may be subject to confidentiality obligations in favor of the Borrower or such Subsidiaries or Affiliates) and acknowledge that the Agent shall be under no obligation to provide such information to them. With respect to its Loans, Bank of America (or such successor) shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Agent, and the terms "Bank" and "Banks" include Bank of America (or such successor) in its individual capacity.

9.09 Successor Agent. The Agent may, and at the request of the Majority Banks shall, resign as Agent upon 30 days' notice to the Borrower and the Banks. If the Agent resigns under this Agreement, the Majority Banks shall appoint from among the Banks a successor agent for the Banks. If no successor agent is appointed prior to the effective date of the resignation of the Agent, the Agent may appoint, after consulting with the Banks and the Borrower, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor agent and the retiring Agent's appointment, powers and duties as Agent shall be terminated. The Borrower may continue to deal with the retiring Agent as Agent hereunder until the Borrower receives notice of the appointment of such a successor agent. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article IX and Sections 10.04 and 10.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor agent has accepted appointment as Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Agent hereunder until such time, if any, as the Majority Banks appoint a successor agent as provided for above. If the Borrower has not received notice of the appointment of a successor agent within 30 days of the retiring Agent's notice of resignation, the Borrower shall deal directly with the Banks until the Borrower receives notice of the appointment of a successor agent as provided above.

9.10 Other Agents. None of the Banks identified on the facing page or signature pages of this Agreement as "Syndication Agent," "Documentation Agent" or "Book Manager and Lead Arranger" shall have any right, power, obligation, liability, responsibility, or duty under this Agreement other than those applicable to all Banks as such. Without limiting the foregoing, none of the Banks so identified as "Syndication Agent," "Documentation Agent" or "Book Manager and Lead Arranger" shall have or be deemed to have any fiduciary relationship with any Bank. Each Bank acknowledges that it has not relied, and will not rely, on any of the Banks so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

## ARTICLE X.

### MISCELLANEOUS

10.01 Amendments and Waivers. No amendment or waiver of any provision of this Agreement or any other document or instrument given in connection herewith, and no consent with respect to any departure by the Borrower therefrom, shall be effective unless the same shall be in writing and signed by the Majority Banks (or by the Agent at the written request of the Majority Banks) and the Borrower and acknowledged by the Agent, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver, amendment, or consent shall, unless in writing and signed by all the Banks and the Borrower and acknowledged by the Agent, do any of the following:

- (a) increase or extend any Commitment of any Bank (or reinstate any Commitment terminated pursuant to Section 8.02);
- (b) postpone or delay any date fixed by this Agreement or any other document or instrument given in connection herewith for any payment of principal, interest, fees or other amounts due to the Banks (or any of them hereunder) or under any other such document or instrument;
- (c) reduce the principal of, or the rate of interest specified herein on, any Loan or (subject to clause (iii) below) any fees or other amounts payable hereunder or under any other document or instrument given in connection herewith;
- (d) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans which is required for the Banks or any of them to take any action hereunder;
- (e) amend this Section, or Section 2.12, or any provision herein providing for consent or other action by all Banks; or
- (f) release any Material Domestic Subsidiaries from its obligations under the Guaranty and Contribution Agreement or terminate the Guaranty or Contribution Agreement, in each case to the extent executed and delivered pursuant to Section 6.09, except in each case as expressly provided for therein;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Agent under this Agreement or any other document or instrument given in connection herewith and (ii) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed by the parties thereto.

(a) All notices, requests and other communications shall be in writing (including, unless the context expressly otherwise provides, by facsimile transmission, provided that any matter transmitted by or to the Borrower by facsimile (i) shall be immediately confirmed by a telephone call to the recipient at the number specified on Schedule 10.02, and (ii) except in the case of a Notice of Borrowing or Notice of Conversion/Continuation, in which case the facsimile copy shall be deemed to be the operative original document, shall be followed promptly by delivery of a hard copy original thereof) and mailed, faxed or delivered, to the address or facsimile number specified for notices on Schedule 10.02; or, if directed to the Borrower or the Agent, to such other address as shall be designated by such party in a written notice to the other parties, and if directed to any other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Agent.

(b) All such notices, requests and communications shall, when transmitted by overnight delivery, or faxed, be effective upon the next Business Day after delivery for overnight (next-day) delivery, or when transmitted in legible form by facsimile machine, respectively, or if mailed, upon the third Business Day after the date deposited into the U.S. mail, or if delivered, upon delivery; except that notices pursuant to Article II or IX shall not be effective until actually received by the Agent.

(c) Any agreement of the Agent and the Banks herein to receive certain notices by facsimile is solely for the convenience and at the request of the Borrower. The Agent and the Banks shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Borrower to give such notice and the Agent and the Banks shall not have any liability to the Borrower or other Person on account of any action taken or not taken by the Agent or the Banks in reliance upon such facsimile notice. The obligation of the Borrower to repay the Loans made to it shall not be affected in any way or to any extent by any failure by the Agent and the Banks to receive written confirmation of any facsimile notice or the receipt by the Agent and the Banks of a confirmation which is at variance with the terms understood by the Agent and the Banks to be contained in the facsimile notice.

10.03 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Bank, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.04 Costs and Expenses. The Borrower shall:

(a) whether or not the transactions contemplated hereby are consummated, pay or reimburse Bank of America (including in its capacity as Agent) within five Business Days after demand for all costs and expenses incurred by Bank of America (including in its capacity as Agent) in connection with the development, preparation, delivery, administration and execution of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement and any other documents prepared in connection herewith, and the consummation of the transactions contemplated hereby and thereby, including reasonable Attorney Costs incurred by Bank of America (including in its capacity as Agent) with respect thereto; provided, that on the date of Borrowing the Borrower shall pay all accrued and unpaid fees, costs and expenses to the extent then due and payable on such date, together with Attorney Costs of Bank of America to the extent invoiced prior to or on such date, plus such additional amounts of Attorney Costs as shall constitute Bank of America's reasonable estimate of Attorney Costs incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude final settling of accounts between the Borrower and Bank of America with respect to such costs), including any such costs, fees and expenses arising under or referenced in Sections 2.08 or in the Fee Letter; and

(b) pay or reimburse the Agent and each Bank within five Business Days after demand for all costs and expenses (including Attorney Costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other document or instrument given in connection herewith during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any insolvency proceeding or appellate proceeding).

10.05 Borrower Indemnification. Whether or not the transactions contemplated hereby are consummated, the Borrower shall indemnify and hold the past or present Agent-Related Persons, and each past or present Bank and each of their respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans and the termination, resignation or replacement of the Agent or replacement of any Bank) be imposed on, incurred by or asserted against any such Person in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any insolvency proceeding or appellate proceeding) related to or arising out of this Agreement or the Loans or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"); provided, that the Borrower shall have no obligation hereunder to any Indemnified Person with respect to (i) Indemnified Liabilities to the extent resulting from the gross negligence or willful misconduct of such Indemnified Person (ii) any violation of any banking law or regulation by such Indemnified Person, (iii) any liability as between or among any Indemnified Person or their respective shareholders and controlling persons, (iv) any default hereunder by any Person other than the Borrower, or (v) any Taxes or Other Taxes, except to the extent such Taxes or Other Taxes are indemnified against by other provisions of this Agreement. The agreements in this Section shall survive payment of all other obligations of the Borrower.

10.06 Payments Set Aside. To the extent that the Borrower makes a payment to the Agent or the Banks or the Agent or the Banks exercise their right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Agent or such Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any insolvency proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Bank severally agrees to pay to the Agent upon demand its pro rata share of any amount so recovered from or repaid by the Agent.

10.07 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrower may assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Agent and each Bank.

10.08 Assignments, Participations, etc.

(a) Any Bank may, with the written consent of the Borrower at all times other than during the existence of an Event of Default and in the case of an assignment to an Affiliate of the assignor and with the written consent of the Agent, which consents shall not be unreasonably withheld, at any time assign and delegate to one or more Eligible Assignees (each an "Assignee") all, or any ratable (in the case of Loans) part of all, of the Loans and the other rights and obligations of such Bank hereunder, in a minimum amount of \$5,000,000, provided, however, that the Borrower and the Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Borrower and the Agent by such Bank and the Assignee; (ii) such Bank and its Assignee shall have delivered to the Borrower and the Agent an Assignment and Acceptance substantially in the form of Exhibit E ("Assignment and Acceptance"); and (iii) the assignor Bank or Assignee has paid to the Agent a processing fee in the amount of \$3,000.

(b) From and after the date that the Agent notifies the assignor Bank that it has received (and provided its consent with respect to) an executed Assignment and Acceptance and payment of the above-referenced processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Bank under this Agreement and the other documents or instruments given in connection herewith, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder and under such documents or instruments have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations hereunder and under such other documents and instruments; provided, that the assignor Bank and the Assignee shall each be entitled to the benefits of the indemnification provisions which would otherwise survive the payment of the other obligations of the Borrower.

(c) Within five Business Days after its receipt of notice by the Agent that it has received an executed Assignment and Acceptance and payment of the processing fee (and provided that it consents to such assignment if required under subsection 10.08(a)), the Borrower shall execute and deliver to the Agent, a new Note evidencing such Assignee's assigned Loans and, if the assignor Bank has retained a portion of its Loan, a replacement Note in the form of Exhibit F in the principal amount of the Loan retained by the assignor Bank (such Note to be in exchange for, but not in payment of, the Note with respect to the Loan held by such Bank, which shall be returned to the Borrower. Immediately upon each assignor Bank's or Assignee's making its processing fee payment under the Assignment and Acceptance, this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Loans arising therefrom.

(d) Any Bank may at any time sell to one or more commercial banks or other Persons not Affiliates of the Borrower (a "Participant") participating interests in any Loans, the Commitment of that Bank and the other interests of that Bank (the "Originator") hereunder and under the other documents and instruments given in connection herewith; provided, however, that (i) the Originator's obligations under this Agreement shall remain unchanged, (ii) the Originator shall remain solely responsible for the performance of such obligations, (iii) the Borrower and the Agent shall continue to deal solely and directly with the Originator in connection with the Originator's rights and obligations under this Agreement and the other documents and instruments given in connection herewith, and (iv) no Bank shall transfer or grant any participating interest under which the Participant has rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other document or instrument given in connection herewith, except to the extent such amendment, consent or waiver would require unanimous consent of the Banks as described in the first proviso to Section 10.01. In the case of any such participation, the Participant shall not have any rights under this Agreement, or any of the other documents or instruments given in connection herewith, and all amounts payable by the Borrower hereunder shall be determined as if such Originator had not sold such participation; except that, if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Bank (as the case may be) under this Agreement.

(e) Notwithstanding any other provision in this Agreement, any Bank may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement and the Notes held by it in favor of any Federal Reserve Bank in accordance with Regulation A of the FRB or U.S. Treasury Regulation 31 CFR §203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

10.09 **Confidentiality.** Each Bank agrees to take and to cause its Affiliates to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information provided to it by the Borrower or any of its Subsidiaries, or by the Agent on the Borrower's or such Subsidiary's behalf, under this Agreement or any other document or instrument given in connection herewith, and neither it nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other documents and instruments given in connection herewith or in connection with other business now or hereafter existing or contemplated with the Borrower or any of its Subsidiaries, except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by such Bank in breach of this Section 10.10, or (ii) was or becomes available on a non-confidential basis from a source other than the Borrower, provided that such source is not bound by a confidentiality agreement with the Borrower known to such Bank; provided, however, that any Bank may disclose such information (A) at the request or pursuant to any requirement of any governmental authority to which such Bank is subject or in connection with an examination of such Bank by any such authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Agent, any Bank or their respective Affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other document or instrument given in connection herewith; (F) to such Bank's independent auditors and other professional advisors; (G) to any Participant or Assignee, actual or potential, provided that such Person agrees in writing to keep such information confidential to the same extent required of the Banks hereunder; and (H) as to any Bank or its Affiliates, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Borrower or any of its Subsidiaries is party or is deemed party with such Bank or such Affiliate.

10.10 **Set-off.** In addition to any rights and remedies of the Banks provided by law, if an Event of Default exists or the Loans have been accelerated, each Bank is authorized at any time and from time to time, without prior notice to the Borrower, any such notice being waived by the Borrower to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Bank to or for the credit or the account of the Borrower against any and all obligations of the Borrower owing to such Bank now or hereafter existing, irrespective of whether or not the Agent or such Bank shall have made demand under this Agreement or any document or instrument given in connection herewith and although such obligations may be contingent or unmatured. Each Bank agrees promptly to notify the Borrower and the Agent after any such set-off and application made by such Bank; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

10.11 **Notification of Addresses, Lending Offices, Etc.** Each Bank shall notify the Agent in writing of any changes in the address to which notices to such Bank should be directed, of addresses of any Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Agent shall reasonably request.

10.12 **Counterparts.** This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument.

10.13 **Severability.** The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

10.14 **No Third Parties Benefited.** This Agreement is made and entered into for the sole protection and legal benefit of the Borrower, the Banks, the Agent-Related Persons, and their permitted successors and assigns, and no other Person shall be a direct or indirect (other than Participants, to the extent provided for herein) legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other documents or instruments given in connection herewith.

10.15 **Certain Interpretive Provisions.**

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof", "herein", "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) (i) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced; (ii) the term "including" is not limiting and means "including but not limited to;" and (iii) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including."

(d) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of this Agreement, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other documents or instruments given in connection herewith may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms.

(g) This Agreement and the other documents and instruments given in connection herewith are the result of negotiations among and have been reviewed by counsel to the Agent, the Borrower, and the other parties, and are the products of all parties. Accordingly, they shall not be construed against the Banks or the Agent merely because of the Agent's, Banks' involvement in their preparation.

10.16 Governing Law; Submission to Jurisdiction.

(a) THIS AGREEMENT, THE NOTES, THE GUARANTY AND THE CONTRIBUTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA; PROVIDED THAT THE AGENT AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) SUBJECT TO SECTION 10.18, ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT, THE NOTES, THE GUARANTY, THE CONTRIBUTION AGREEMENT OR ANY OTHER DOCUMENT OR INSTRUMENT GIVEN IN CONNECTION HEREWITH MAY BE BROUGHT IN THE COURTS OF THE STATE OF CALIFORNIA OR OF THE UNITED STATES OF AMERICA FOR THE NORTHERN DISTRICT OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE BORROWER, THE BANKS AND THE AGENT HEREBY CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE JURISDICTION OF THE AFORESAID COURTS. EACH OF THE BORROWER, THE BANKS AND THE AGENT HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. EACH BORROWER HEREBY WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY CALIFORNIA LAW.

10.17 Arbitration; Reference Proceeding.

(a) THE BORROWER, THE BANKS AND THE AGENT EACH AGREE THAT ANY CONTROVERSY OR CLAIM BETWEEN OR AMONG THE PARTIES ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE NOTES, THE GUARANTY, THE CONTRIBUTION AGREEMENT OR ANY OTHER DOCUMENT OR INSTRUMENT GIVEN IN CONNECTION HEREWITH, AND ANY CLAIM BASED ON OR ARISING FROM AN ALLEGED TORT RELATED HERETO OR THERETO, SHALL AT THE REQUEST OF ANY PARTY BE DETERMINED BY ARBITRATION. THE ARBITRATION SHALL BE CONDUCTED IN ACCORDANCE WITH THE UNITED STATES ARBITRATION ACT (TITLE 9, U.S. CODE), NOTWITHSTANDING ANY CHOICE OF LAW PROVISION IN THIS AGREEMENT, AND UNDER THE COMMERCIAL RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("AAA"). THE ARBITRATION SHALL BE CONDUCTED WITHIN THE COUNTY OF SAN FRANCISCO, CALIFORNIA. THE ARBITRATORS SHALL GIVE EFFECT TO STATUTES OF LIMITATION IN DETERMINING ANY CLAIM. ANY CONTROVERSY CONCERNING WHETHER AN ISSUE IS ARBITRABLE SHALL BE DETERMINED BY THE ARBITRATORS. JUDGMENT UPON THE ARBITRATION AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION. THE INSTITUTION AND MAINTENANCE OF AN ACTION FOR JUDICIAL RELIEF OR PURSUIT OF A PROVISIONAL OR ANCILLARY REMEDY SHALL NOT CONSTITUTE A WAIVER OF THE RIGHT OF ANY PARTY, INCLUDING THE PLAINTIFF, TO SUBMIT THE CONTROVERSY OR CLAIM TO ARBITRATION IF ANY OTHER PARTY CONTESTS SUCH ACTION FOR JUDICIAL RELIEF.

(b) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (a), NO CONTROVERSY OR CLAIM SHALL BE SUBMITTED TO ARBITRATION WITHOUT THE CONSENT OF ALL PARTIES IF, AT THE TIME OF THE PROPOSED SUBMISSION, SUCH CONTROVERSY OR CLAIM ARISES FROM OR RELATES TO AN OBLIGATION TO THE AGENT OR ANY BANK WHICH IS SECURED BY REAL PROPERTY COLLATERAL LOCATED IN CALIFORNIA. IF ALL PARTIES DO NOT CONSENT TO SUBMISSION OF SUCH A CONTROVERSY OR CLAIM TO ARBITRATION, THE CONTROVERSY OR CLAIM SHALL BE DETERMINED AS PROVIDED IN SUBSECTION (c).

(c) A CONTROVERSY OR CLAIM WHICH IS NOT SUBMITTED TO ARBITRATION AS PROVIDED AND LIMITED IN SUBSECTIONS (a) AND (b) SHALL, AT THE REQUEST OF ANY PARTY, BE DETERMINED BY A REFERENCE IN ACCORDANCE WITH CALIFORNIA CODE OF CIVIL PROCEDURE SECTIONS 638 ET SEQ. IF SUCH AN ELECTION IS MADE, THE PARTIES SHALL DESIGNATE TO THE COURT A REFEREE OR REFEREES SELECTED UNDER THE AUSPICES OF THE AAA IN THE SAME MANNER AS ARBITRATORS ARE SELECTED IN AAA-SPONSORED PROCEEDINGS. THE PRESIDING REFEREE OF THE PANEL, OR THE REFEREE IF THERE IS A SINGLE REFEREE, SHALL BE AN ACTIVE ATTORNEY OR RETIRED JUDGE. JUDGMENT UPON THE AWARD RENDERED BY SUCH REFEREE OR REFEREES SHALL BE ENTERED IN THE COURT IN WHICH SUCH PROCEEDING WAS COMMENCED IN ACCORDANCE WITH CALIFORNIA CODE OF CIVIL PROCEDURE SECTIONS 644 AND 645.

(d) NO PROVISION OF THIS SECTION SHALL LIMIT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO EXERCISE SELF-HELP REMEDIES SUCH AS SET-OFF, TO FORECLOSE AGAINST OR SELL ANY REAL OR PERSONAL PROPERTY COLLATERAL OR SECURITY OR TO OBTAIN PROVISIONAL OR ANCILLARY REMEDIES FROM A COURT OF COMPETENT JURISDICTION BEFORE, AFTER, OR DURING THE PENDENCY OF ANY ARBITRATION OR OTHER PROCEEDING. THE EXERCISE OF A REMEDY DOES NOT WAIVE THE RIGHT OF ANY PARTY TO RESORT TO ARBITRATION OR REFERENCE. AT THE MAJORITY BANKS' OPTION, FORECLOSURE UNDER A DEED OF TRUST OR MORTGAGE MAY BE ACCOMPLISHED EITHER BY EXERCISE OF POWER OF SALE UNDER THE DEED OF TRUST OR MORTGAGE OR BY JUDICIAL FORECLOSURE.

10.18 Waiver of Jury Trial. IF A CONTROVERSY OR CLAIM IS NOT SUBMITTED TO ARBITRATION AS PROVIDED AND LIMITED IN SUBSECTIONS (a) AND (b) OF SECTION 10.18 AND IS NOT DETERMINED BY A REFERENCE AS PROVIDED IN SUBSECTION (c) OF SUBSECTION 10.18, THEN THE BORROWER, THE BANKS AND THE AGENT EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE NOTES, THE GUARANTY, THE CONTRIBUTION AGREEMENT AND ANY OTHER DOCUMENT OR INSTRUMENT GIVEN IN CONNECTION HEREWITH, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY SUCH ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE BORROWER, THE BANKS AND THE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT, THE NOTES, THE GUARANTY, THE CONTRIBUTION AGREEMENT OR ANY OTHER DOCUMENT OR INSTRUMENT GIVEN IN CONNECTION HEREWITH OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, THE NOTES, THE GUARANTY, THE CONTRIBUTION AGREEMENT AND ANY OTHER DOCUMENT OR INSTRUMENT GIVEN IN CONNECTION HEREWITH.

10.19 Entire Agreement. This Agreement, together with the other documents and instruments given in connection herewith, including the Notes and the Fee Letter, embodies the entire agreement and understanding among the Borrower, the Banks and the Agent and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized officers as of the day and year first above written.

LOUISIANA-PACIFIC CORPORATION

By: \_\_\_\_\_



Name: \_\_\_\_\_

Title: \_\_\_\_\_

BANK OF AMERICA, N.A., as Agent and as a Bank

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

WACHOVIA BANK, N.A.,  
as Syndication Agent and as a Bank

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

BANK ONE, N.A.,  
as Documentation Agent and as a Bank

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ROYAL BANK OF CANADA,  
as a Bank

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

BANK HAPOALIM B.M.,  
as a Bank

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

THE BANK OF NOVA SCOTIA,  
as a Bank

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE 2.01**

Commitments and Pro Rata Shares

<u>Bank</u>	<u>Commitments</u>	<u>Pro Rata Share</u>
Bank of America, N.A.	\$40,000,000.00	23.529411765%
Wachovia Bank, N.A.	\$40,000,000.00	23.529411765%
Bank One, N.A.	\$40,000,000.00	23.529411765%
Royal Bank of Canada	\$30,000,000.00	17.647058823%
Bank Hapoalim B.M.	\$10,000,000.00	5.882352941%
The Bank of Nova Scotia	\$10,000,000.00	5.882352941%
<b>TOTAL</b>	<b>\$170,000,000.00</b>	<b>100.000000000%</b>

**SCHEDULE 5.14(c)**  
**ERISA COMPLIANCE**

The Borrower sponsors the Louisiana-Pacific Corporation Retirement Account Plan. Originally this was a defined benefit pension plan covering certain hourly employees of LP. Effective January 1, 2000, this was converted to a cash balance plan covering most non-bargained employees. As of January 1, 2000, on an ongoing basis, the Plan has an unfunded liability of approximately \$23,000,000. As of January 1, 2000, on a plan termination basis, the Plan has an unfunded liability of approximately \$25,000,000.

The Borrower's subsidiary, Ketchikan Pulp Company ("KPC") participates in the Alaska Loggers Association Retirement Plan. This is a non-collectively bargained, multiple employer defined benefit plan. On an ongoing basis and on a plan termination basis, the Plan's actuary estimated that there is no unfunded liability for the Plan as of January 1, 2000.

The Borrower's subsidiary, ABTco, Inc., sponsors the ABTco, Inc. Retirement Plan. This is a defined benefit plan covering bargained and non-bargained employees of ABTco. As of January 1, 2000, on an ongoing basis, the Plan has an unfunded liability of approximately \$0. As of January 1, 2000, on a plan termination basis, the Plan has an unfunded liability of approximately \$5,000,000.

The Borrower sponsors the Louisiana-Pacific Corporation Samoa Pulp Defined Benefit Pension Plan. This is a defined benefit plan covering employees of Louisiana-Pacific Corporation who were members of the GP/LP Western Paper Plan on June 30, 1986. No employees hired after June 30, 1986 participate. As of January 1, 2000, on an ongoing basis, the Plan has no unfunded liability. As of January 1, 2000, on a plan termination basis, the Plan has an unfunded liability of approximately \$0.

**SCHEDULE 10.02**  
**OFFSHORE AND DOMESTIC LENDING OFFICES,**  
**ADDRESSES FOR NOTICES**

**LOUISIANA-PACIFIC CORPORATION**

Louisiana-Pacific Corporation  
111 SW 5th Ave, 42nd Fl.  
Portland, OR 97204

Attention: Mark Tobin  
Telephone: (503) 821-5138  
Facsimile: (503) 821-5319

**BANK OF AMERICA, N.A.,**  
**as Agent**

Funding Notices:

Bank of America, N.A.  
Agency Administrative Services #5596  
1850 Gateway Blvd.  
Concord, CA 94520-3281  
Mail Code: CA4-706-05-09  
Attention: Irene Ruddell  
Telephone: (925) 675-8441  
Facsimile: (925) 675-8500

Notices of Conversion/Continuation:

Bank of America, N.A.  
Agency Administrative Services #5596  
1850 Gateway Blvd.  
Concord, CA 94520-3281  
Attention: Irene Ruddell  
Telephone: (925) 675-8441  
Facsimile: (925) 675-8500

Agent's Payment Office:

Bank of America, N.A.  
1850 Gateway Blvd.  
Concord, CA 94520-3281  
for credit to account No. 12337-15242  
Attention: Agency Administrative Services #5596

All Other Notices:

Bank of America, N.A.  
555 California Street  
San Francisco, CA 94104  
Mail Code: CA5-705-12-01  
Attention: Mike Balok  
Telephone: 415-622-2018  
Facsimile: 415-622-2385

**BANK OF AMERICA, N.A.,**  
**as a Bank**

Lending Office:

Bank of America, N.A.  
1850 Gateway Blvd.  
Concord, CA 94520-3281  
Attention: Irene Ruddell

**WACHOVIA BANK, N.A., as a Bank**

Lending Office:

Wachovia Bank, N.A.  
191 Peachtree St. NE  
Atlanta, GA 30303

Credit Matters:

Wachovia Bank, N.A.  
191 Peachtree St. NE  
Atlanta, GA 30303

Attention: David Corts  
Telephone: (404) 332-6756  
Facsimile: (404) 332-4136

Operations/Administration:

Wachovia Bank, N.A.  
191 Peachtree St. NE  
Atlanta, GA 30303

Attention: Folahan Adefope  
Telephone: (404) 332-6739  
Facsimile: (404) 332-4320

**BANK ONE, N.A., as a Bank**

Lending Office:

Bank One, N.A.  
1 Bank One Plaza  
Chicago, IL 60670

Credit Matters:

Bank One, N.A.  
777 So. Figueroa Street  
4th Fl.  
Los Angeles, CA 90017

Attention: Kathleen LeRoy  
Telephone: (213) 683-6406  
Facsimile: (213) 683-4999

Operations/Administration:

Bank One, N.A.  
1 Bank One Plaza  
10th Fl.  
Chicago, IL 60670

Attention: Deborah Turner  
Telephone: (312) 732-3641  
Facsimile: (312) 732-4840

**ROYAL BANK OF CANADA, as a Bank**

Lending Office:

Royal Bank of Canada  
Grand Cayman (North America No. 1) Branch  
c/o New York Branch  
One Liberty Plaza  
New York, NY 10006-1404

All Notices:

Royal Bank of Canada  
Grand Cayman (North America No. 1) Branch  
c/o New York Branch  
One Liberty Plaza, 3rd Fl.  
New York, NY 10006-1404

Attention: Manager, Loans and Administration  
Telephone: (212) 428-6338  
Facsimile: (212) 428-2372

with copies to:

Royal Bank of Canada  
One Liberty Plaza  
3rd Fl.  
New York, NY 10006-1404

Attention: Norrie Millar  
Telephone: (212) 428-6363  
Facsimile: (212) 809-7148

Royal Bank of Canada  
Suite 2100  
666 Burrard Street  
Vancouver, BC V6C 3B1

Attention: Gerry Derbyshire  
Telephone: (604) 257-7100  
Facsimile: (604) 665-6465

**BANK HAPOALIM B.M., as a Bank**

Lending Office:

Bank Hapoalim B.M.  
San Francisco Representative Office  
250 Montgomery Street  
Suite 700  
San Francisco, CA 94104

Credit Matters:

Bank Hapoalim B.M.  
San Francisco Representative Office  
250 Montgomery Street  
Suite 700  
San Francisco, CA 94104

Attention: David Terrance  
Telephone: (415) 989-9940 x131  
Facsimile: (415) 989-9948/9036

Operations/Administration:

Bank Hapoalim B.M.  
San Francisco Representative Office  
250 Montgomery Street  
Suite 700  
San Francisco, CA 94104

Attention: Gloria Chayra  
Telephone: (415) 989-9940 x120  
Facsimile: (415) 989-9948/9036

**THE BANK OF NOVA SCOTIA, as a Bank**

Lending Office:

The Bank of Nova Scotia  
600 Peachtree St., NE  
Suite 2700  
Atlanta, GA 30308

Credit Matters:

The Bank of Nova Scotia  
888 S.W. 5th Ave.  
Suite 760  
Portland, OR 97204-2078

Attention: Daryl Hogge  
Telephone: (503) 222-4169  
Facsimile: (503) 222-5502

Operations/Administration:

The Bank of Nova Scotia  
600 Peachtree St., NE  
Suite 2700  
Atlanta, GA 30308

Attention: Arnette Wilford  
Telephone: (404) 877-1574  
Facsimile: (404) 888-8998

THIS WAIVER AND SECOND AMENDMENT TO CREDIT AGREEMENT ("Waiver and Amendment"), dated as of February 16, 2001, is entered into by LOUISIANA-PACIFIC CORPORATION (the "Revolving Borrower"), LOUISIANA-PACIFIC CANADA PULP CO. (the "Term Borrower"), BANK OF AMERICA, N.A., as agent for itself and the Banks (the "Agent"), and the Banks party hereto.

#### RECITALS

A. The Revolving Borrower, the Term Borrower, and the several financial institutions parties thereto (collectively, the "Banks"), and Agent are parties to the Credit Agreement dated as of January 31, 1997, as amended by the First Amendment thereto dated as of December 31, 1997 (the "Credit Agreement"), pursuant to which the Agent and the Banks have extended certain credit facilities to the Borrowers.

B. The Borrowers have reported to the Agent and the Banks the existence of certain events of default under the Credit Agreement. The Borrowers have requested that the Banks waive certain events of default and agree to certain amendments of the Credit Agreement.

C. The Banks are willing to waive certain defaults under the Credit Agreement and to amend the Credit Agreement, subject to the terms and conditions of this Waiver and Amendment.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Defined Terms.** Unless otherwise defined herein, capitalized terms used herein shall have the meanings, if any, assigned to them in the Credit Agreement.
2. **Defaults and Waiver.** The Borrowers acknowledge that they have, since the Closing Date, erroneously failed to include in their calculation of Funded Debt under the Credit Agreement unfunded reserves maintained with respect to pending or threatened disputes or settlement therefor. Subject to the terms and conditions hereof, the Banks hereby agree to waive any Defaults or Events of Default arising out of such failure (the "Existing Defaults"), including, without limitation, with respect to Sections 7.01, 6.07 and 5.13 of the Credit Agreement. Nothing contained herein shall be deemed a waiver of (or otherwise affect the Agent's or the Banks' ability to enforce) any other Default or Event of Default, including without limitation (i) any Default or Event of Default as may now or hereafter exist and arise from or otherwise be related to the Existing Defaults (including, without limitation, any cross-default arising under the Credit Agreement (other than a cross-default to the Credit Agreement dated as of November 21, 2000 among the Revolving Borrower, the financial institutions party thereto, Bank of America, N.A., as Administrative Agent and the Syndication Agent and Documentation Agent party thereto) by virtue of any matters resulting from the Existing Defaults), and (ii) any Default or Event of Default arising at any time after the Effective Date and which is the same as any of the Existing Defaults.
3. **Amendments to Credit Agreement.** Effective upon the Effective Date (except as set forth in subsection (d) below):
  - (a) The Credit Agreement shall be amended by inserting the following new definition in Section 1.01 thereof, in the appropriate alphabetical order: "**Capitalization**" means, as at any time, the sum of Funded Debt and Net Worth.
  - (b) The Credit Agreement shall be amended by inserting the following new provision at the end of the definition of "Applicable Margin" in Section 1.01 thereof:

Notwithstanding anything herein to the contrary, from and after July 1, 2001, "Applicable Margin" means, in respect of all Committed Loans outstanding on any date, 1.00% for Offshore Rate Committed Loans and 0.00% for Base Rate Committed Loans and Swingline Loans.
  - (c) The Credit Agreement shall be amended by inserting the following new provision at the end of the definition of "Facility Fee Percentage" in Section 1.01 thereof:

Notwithstanding anything herein to the contrary, from and after July 1, 2001, "Facility Fee Percentage" means 0.25%.
  - (d) The Credit Agreement shall be amended, effective as of December 30, 2000, by deleting Section 7.01 thereof in its entirety and replacing it with the following:

7.01 **Funded Debt to Capitalization.** On a consolidated basis, permit the ratio of Funded Debt to Capitalization, measured as of the end of each fiscal quarter, to be in excess of 0.55 to 1.00.
4. **Representations and Warranties.** Each Borrower hereby represents and warrants as follows:
  - (a) Other than the Existing Defaults, no Default or Event of Default has occurred and is continuing.
  - (b) The execution, delivery and performance by it of this Waiver and Amendment (and, in the case of the Revolving Borrower, of the Consent referred to below) has been duly authorized by all necessary corporate and other action and does not and will not require any registration with, consent or approval of, notice to or action by, any Person in order to be effective and enforceable. The Credit Agreement as amended by this Waiver and Amendment (and, in the case of the Revolving Borrower, the Consent referred to below) constitutes the legal, valid and binding obligations of it, enforceable against it in accordance with its respective terms, without defense, counterclaim or offset.
  - (c) Subject to the Existing Defaults, all representations and warranties made by it contained in the Credit Agreement are true and correct.
  - (d) It is entering into this Waiver and Amendment on the basis of its own investigation and for its own reasons, without reliance upon the Agent and the Banks or any other Person.
  - (e) Attached as Schedule I hereto is the accurate computation of Funded Debt to Net Worth for the periods for which the erroneous calculation described in Section 2 above resulted in an Existing Default.
5. **Effective Date.** This Waiver and Amendment will become effective on February 16, 2001 ("Effective Date") provided that each of the following conditions precedent has been satisfied:
  - (a) The Agent has received from the Borrower and the Majority Banks a duly executed original or facsimile counterpart of this Waiver and Amendment, together with a duly executed original or facsimile Guarantor Acknowledgment and Consent in the form attached hereto ("Consent") (any such facsimiles to be promptly followed by the originals thereof).
  - (b) All representations and warranties contained herein are true and correct as of the Effective Date.
6. **Reservation of Rights.** Each Borrower acknowledges and agrees that neither the Agent's nor the Banks' forbearance in exercising their rights and remedies in connection with the Existing Defaults, nor the execution and delivery by the Agent and the Banks of this Waiver and Amendment, shall be deemed (i) to create a course of dealing or otherwise obligate the Agent or the Banks to forbear or execute similar waivers under the same or similar circumstances in the future, or (ii) to waive, relinquish or impair any right of the Agent or the Banks to receive any indemnity or similar payment from any person or entity as a result of any matter arising from or relating to the Existing Defaults.

7. Miscellaneous.

- (a) Except as herein expressly amended, all terms, covenants and provisions of the Credit Agreement are and shall remain in full force and effect and all references therein to such Credit Agreement shall henceforth refer to the Credit Agreement as amended by this Waiver and Amendment. This Waiver and Amendment shall be deemed incorporated into, and a part of, the Credit Agreement.
- (b) This Waiver and Amendment shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns. No third party beneficiaries are intended in connection with this Waiver and Amendment.
- (c) This Waiver and Amendment shall be governed by and construed in accordance with the law of the State of California (without regard to principles of conflicts of laws).
- (d) This Waiver and Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.
- (e) This Waiver and Amendment, together with the Credit Agreement, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This Waiver and Amendment supersedes all prior drafts and communications with respect thereto. This Waiver and Amendment may not be amended except in accordance with the provisions of Section 10.01 of the Credit Agreement.
- (f) If any term or provision of this Waiver and Amendment shall be deemed prohibited by or invalid under any applicable law, such provision shall be invalidated without affecting the remaining provisions of this Waiver and Amendment or the Credit Agreement, respectively.
- (g) Each Borrower covenants to pay to or reimburse the Agent and the Banks, upon demand, for all costs and expenses (including, without limitation, allocated costs of in-house counsel) incurred in connection with the development, preparation, negotiation, execution and delivery of this Waiver and Amendment and the administration of the Existing Defaults, including, without limitation, appraisal, audit, search and filing fees incurred in connection therewith.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Waiver and Amendment as of the date first above written.

LOUISIANA-PACIFIC CORPORATION,  
as Revolving Borrower

By: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

LOUISIANA-PACIFIC CANADA PULP  
CO., as Term Borrower

By: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

BANK OF AMERICA, N.A., as Agent,  
Swingline Bank and as a Bank

By: \_\_\_\_\_

Title: Vice President

ABN AMRO BANK N.V., as a Bank

By: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

ROYAL BANK OF CANADA, as a Bank

By: \_\_\_\_\_

Title: \_\_\_\_\_

THE BANK OF NOVA SCOTIA, as a Bank

By: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

THE CHASE MANHATTAN BANK, as a Bank

By: \_\_\_\_\_

Title: \_\_\_\_\_

BANK ONE, N.A., as a Bank

By: \_\_\_\_\_

Title: \_\_\_\_\_

WACHOVIA BANK OF GEORGIA, as a Bank

By: \_\_\_\_\_

Title: \_\_\_\_\_

UNITED STATES NATIONAL ASSOCIATION, as a Bank

By: \_\_\_\_\_

Title: \_\_\_\_\_

WELLS FARGO BANK, N.A., as a Bank

By: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

THE BANK OF NEW YORK, as a Bank

By: \_\_\_\_\_

Title: \_\_\_\_\_

The undersigned, a guarantor or third party pledgor with respect to the Term Borrower's obligations to the Agent and the Banks under the Credit Agreement, hereby (i) acknowledges and consents to the execution, delivery and performance by the Borrowers of the foregoing Waiver and Second Amendment to Credit Agreement ("Waiver and Amendment"), and (ii) reaffirms and agrees that the guaranty, third party pledge or security agreement to which the undersigned is party and all other documents and agreements executed and delivered by the undersigned to the Agent and the Banks in connection with the Credit Agreement are in full force and effect, without defense, offset or counterclaim. (Capitalized terms used herein have the meanings specified in the Waiver and Amendment.)

LOUISIANA-PACIFIC CORPORATION,  
as Revolving Borrower

By: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

**Schedule I**



**AWARD AGREEMENT**  
**under the**  
**Louisiana-Pacific Corporation**  
**1997 Incentive Stock Award Plan**

INCENTIVE SHARES

Corporation: Louisiana-Pacific Corporation  
111 S.W. Fifth Avenue  
Portland, Oregon 97204

Participant: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Grant Date: \_\_\_\_\_, 200\_\_

Award: Incentive Shares

Incentive Shares: \_\_\_\_\_ Shares of Corporation's Common Stock

Service Period: The five-year period ending on the fifth anniversary of the Grant Date.

Subject to the terms and conditions of the Louisiana-Pacific Corporation 1997 Incentive Stock Award Plan (the "Plan") and this Agreement, effective as of the Grant Date, Corporation grants to Participant the right to receive the number of Incentive Shares specified above.

The provisions of Appendix A attached to this Agreement are incorporated by reference as part of this Agreement.

LOUISIANA-PACIFIC CORPORATION

By \_\_\_\_\_  
Vice President

\_\_\_\_\_  
Participant

**APPENDIX A**  
**To**  
**Award Agreement for Incentive Shares**

This Award Agreement evidences the grant of an Award for Incentive Shares to Participant under the Plan.

Capitalized terms are defined in Section 9 of this Appendix A.

**1. Incentive Shares; Adjustment**

In the event of a declaration of a stock dividend or a stock split (whether effected as a dividend or otherwise) by Corporation where the record date for such dividend or stock split is after the Grant Date, the number of Incentive Shares automatically will be adjusted proportionately to reflect the effect of such dividend or stock split. The number of Incentive Shares will not be adjusted to reflect cash dividends paid with respect to Corporation's common stock during the Service Period.

**2. Terms of Award**

This Award is subject to all the provisions of the Plan and to the following terms and conditions:

2.1 Incentive Shares. If Participant remains an Employee through the end of the Service Period, Participant will become entitled to receive the Incentive Shares. In the event Participant terminates Employment before the end of the Service Period, Participant will be entitled to receive the number of Incentive Shares, if any, described in Section 2.3. Any portion of this Award that does not become Vested pursuant to this Agreement will be canceled and Participant will not receive any Shares or other payment with respect to such non-Vested portion of the Award.

2.2 Settlement of Award.

2.2.1 General. Except as provided in Section 2.2.2, this Award will be settled on a settlement date selected by the Committee as soon as practicable after the end of the Service Period by the delivery to Participant of an unrestricted certificate for the Incentive Shares.

2.2.2 Early Settlement. In the event Participant (or Participant's representative) becomes entitled to receive Incentive Shares pursuant to Section 2.3.2 (on account of death or Disability), Section 2.3.3 (on account of a Change in Control) or 2.3.4 (on account of Share Price Vesting), this Award will be settled on a settlement date selected by the Committee as soon as practical after the Termination Date, Change in Control Date, or Share Price Vesting date, respectively, by the delivery to Participant of an unrestricted certificate for the number of Incentive Shares determined pursuant to those Sections.

### 2.3 Employment Requirement; Accelerated Vesting.

2.3.1 General. Except as otherwise expressly provided in Sections 2.3.2, 2.3.3 and 2.3.4, if Participant ceases to be an Employee for any reason prior to the end of the Service Period, this Award will be canceled and Participant will not receive any Shares or other payment with respect to this Award.

2.3.2 Death or Disability. In the event Participant dies or terminates Employment by reason of Disability prior to the end of the Service Period, Participant or Participant's representative will be entitled to receive 100 percent of the number of Incentive Shares.

2.3.3 Change in Control. Upon the occurrence of a Change in Control Date prior to the end of the Service Period, Participant will be entitled to receive 100 percent of the Incentive Shares.

2.3.4 Share Price Vesting. If Participant remains an Employee on any anniversary date of the Grant Date prior to the end of the Service Period and, during the 12-month period immediately preceding such anniversary date Corporation's common stock has traded on the New York Stock Exchange at or above a price of \$18.00 per share (as appropriately adjusted for any stock dividends or stock splits after the Grant Date) for at least five consecutive trading days, Participant will become Vested in and entitled to receive 50 percent of the number of Incentive Shares as of the first one of any such anniversary dates only; provided further that if on any such anniversary date on which Participant remains an Employee Corporation's common stock has so traded in the immediately preceding 12-month period at or above a price of \$22.00 per share (as adjusted) for at least five consecutive trading days, Participant will become Vested in and entitled to 100 percent of the number of Incentive Shares not otherwise Vested.

2.4 Reimbursement. If or to the extent the accelerated delivery of Incentive Shares in connection with a Change in Control pursuant to Section 2.3.3 results in an "excess parachute payment" within the meaning of Section 280G of the Code, Corporation will reimburse Participant, on an after-tax basis, for (i) any excise tax imposed by Section 4999(a) of the Code that is directly attributable to such accelerated delivery, and (2) any income taxes and excise taxes imposed on any reimbursement pursuant to this Section 2.4. For purposes of computing any after-tax reimbursement, Participant will be deemed to pay federal, state, and local income taxes (for the state and locality of Participant's residence) at the highest effective combined marginal rates (giving effect to the deductibility of state and local taxes) for the tax year in which the reimbursement payment is made. No reimbursement will be due pursuant to this Section 2.4 if, or to the extent, Participant is entitled to payment or reimbursement for the same amounts under any other agreement with Corporation.

2.5 Other Documents. Participant will be required to furnish Corporation such other documents or representations as Corporation may require to assure compliance with applicable laws and regulations as a condition of Corporation's obligation to issue any Incentive Shares.

2.6 Transferability. This Award is not transferable other than by will or the laws of descent and distribution. No assignment or transfer of the Award in violation of the foregoing restriction, whether voluntary, involuntary or by operation of law or otherwise, except by will or the laws of descent and distribution, will vest in the assignee or transferee any interest or right whatsoever, but immediately upon any attempt to assign or transfer the Award, the Award will terminate and be of no force or effect. Whenever the word "Participant" is used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the executor, administrator, or the person or persons to whom this Award may be transferred by will or by the laws of descent and distribution, it will be deemed to include such person or persons.

## 3. **Rights as Stockholder**

Prior to the issuance of a certificate for Incentive Shares in settlement of this Award, Participant will have no rights as a stockholder of Corporation with respect to this Award or the Incentive Shares.

## 4. **Withholding Taxes**

Corporation will have the right to require Participant to remit to Corporation, or to withhold from other amounts payable to Participant, as compensation or otherwise, or from Incentive Shares to be delivered to Participant in settlement of this Award, an amount sufficient to satisfy all federal, state and local withholding tax requirements with respect to the Award or the Incentive Shares. Participant may, by written notice to Committee which complies with any applicable timing restrictions imposed pursuant to Rule 16b-3 under the Exchange Act, elect to have withholding taxes satisfied by withholding Shares. To the extent required by Rule 16b-3, such election will be subject to approval by the Committee.

## 5. **Conditions Precedent**

Corporation will use its best efforts to obtain approval of the Plan and this Award by any state or federal agency or authority that Corporation determines has jurisdiction. If Corporation determines that any required approval cannot be obtained, this Award will terminate on notice to Participant to that effect. Without limiting the foregoing, Corporation will not be required to issue any certificates for Incentive Shares, or any portion thereof, until Corporation has taken all action required to comply with all applicable federal and state securities laws.

## 6. **Successorship**

Subject to restrictions on transferability set forth in Section 2.6, this Agreement will be binding upon and benefit the parties, their successors and assigns.

## 7. **Notices**

Any notices under this Agreement must be in writing and will be effective when actually delivered personally or, if mailed, when deposited as registered or certified mail directed to the address of Corporation's records or to such other address as a party may certify by notice to the other party.

## 8. Arbitration

Any dispute or claim that arises out of or that relates to this Agreement or to the interpretation, breach, or enforcement of this Agreement, shall be resolved by mandatory arbitration in accordance with the then effective arbitration rules of Arbitration Service of Portland, Inc., and any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.

## 9. Defined Terms

When used in this Agreement, the following terms have the meaning specified below:

**Acquiring Person** means any person or related person or related persons which constitute a "group" for purposes of Section 13(d) and Rule 13d-5 under the Securities Exchange Act of 1934 (the "Exchange Act"), as such Section and Rule are in effect as of the Grant Date; provided, however, that the term Acquiring Person shall not include (a) Corporation or any of its Subsidiaries, (b) any employee benefit plan or related trust of Corporation or any of its Subsidiaries, (c) any entity holding voting capital stock of Corporation for or pursuant to the terms of any such employee benefit plan, or (d) any person or group solely because such person or group has voting power with respect to capital stock of Corporation arising from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to the Exchange Act.

**Change in Control** of Corporation means:

(a) The acquisition by any Acquiring Person of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of 20 percent or more of the combined voting power of the then outstanding Voting Securities; provided, however, that for purposes of this paragraph (a) the following acquisitions will not constitute a Change in Control: (i) any acquisition directly from Corporation, (ii) any acquisition by Corporation, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Corporation or any corporation controlled by Corporation, or (iv) any acquisition by any corporation pursuant to a transaction that complies with clauses (i), (ii), and (iii) of paragraph (c) of this definition of Change in Control; or

(b) During any period of 12 consecutive calendar months, individuals who at the beginning of such period constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual who becomes a director during the period whose election, or nomination for election, by Corporation's stockholders was approved by a vote of at least a majority of the directors then constituting the Incumbent Board will be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger, or consolidation or sale or other disposition of all or substantially all of the assets of Corporation (a "Business Combination") in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners of the Voting Securities outstanding immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50 percent of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns Corporation or all or substantially all of Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Voting Securities, (ii) no Person (excluding any employee benefit plan, or related trust, of Corporation or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20 percent or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the stockholders of Corporation of any plan or proposal for the liquidation or dissolution of Corporation.

**Change in Control Date** means the first date following the Grant Date on which a Change in Control has occurred.

**Disability** means the condition of being permanently unable to perform Participant's duties for an Employer by reason of a medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of at least 12 months.

**Employee and Employment** both refer to service by Participant as a full-time or part-time employee of an Employer, and include periods of illness or other leaves of absence authorized by an Employer. A transfer of Participant's Employment from one Employer to another will not be treated as a termination of Employment.

**Employer** means Corporation or a Subsidiary of Corporation.

**Incentive Shares** means the number of Shares issuable to Participant pursuant to this Award as specified on the cover sheet to this Award Agreement.

**Service Period** means the period specified on the cover page to this Award Agreement during which Participant is required to continue to provide services as a condition to the issuance of the Incentive Shares.

**Share Price Vesting Date** means the anniversary date upon which a Participant becomes entitled to receive Incentive Shares under Section 2.3.4 of this Appendix A.

**Termination Date** means the date Participant ceases to be an Employee.

**Vest or Vesting** means, with respect to this Award, the time when Participant becomes entitled to have the Incentive Shares issued in Participant's name, which will be at the completion of the Service Period or upon the occurrence of one of the acceleration events described in Section 2.3 of this Appendix A.

**Voting Securities** means Corporation's issued and outstanding securities ordinarily having the right to vote at elections of directors.

Capitalized terms not otherwise defined in this Agreement have the meanings given them in the Plan.